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The National Life Insurer

LIFE INSURANCE EDITION

FRIDAY, OCTOBER 7, 1932

INS. LAB.

"Abraham Lincoln—The Hoosier Youth"

by Paul Manship

Located on the plaza of
The Lincoln National Life Insurance Company
Home Office, Fort Wayne, Indiana

Dedicated September 16, 1932



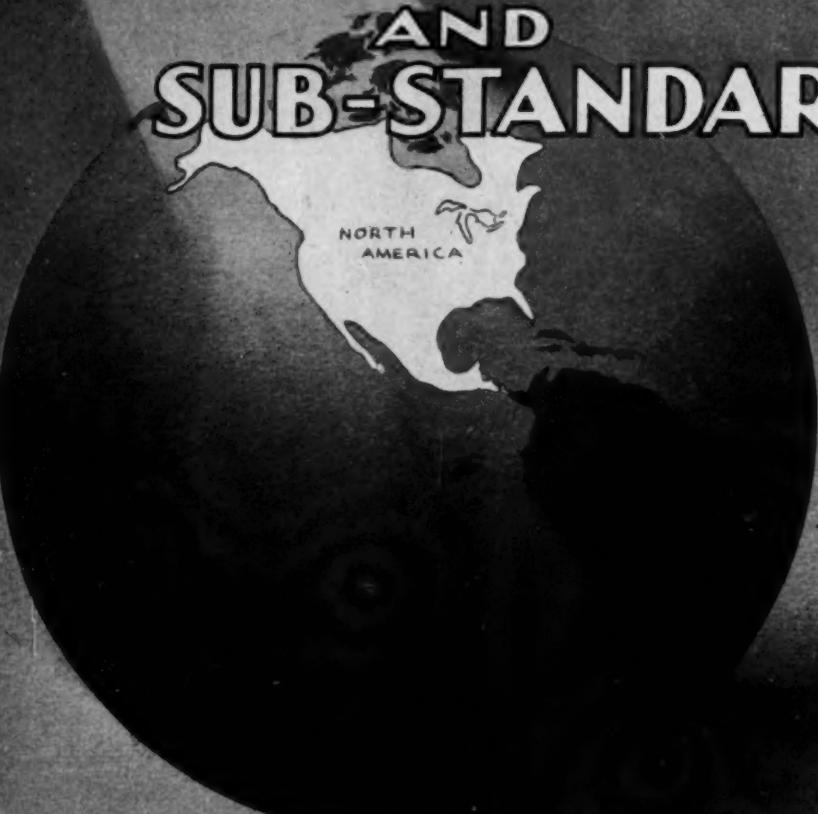
The Youthful Lincoln

As it stands in the entrance court of the Home Office in Fort Wayne, this bronze masterpiece serves not only as a tribute to the Lincoln of Indiana, but also visualizes for the world the aims, ideals, and aspirations of the officers, agents, and personnel of the entire organization.

"Its Name Indicates Its Character"

The Lincoln National Life Insurance Company
Fort Wayne, Indiana

LIFE REINSURANCE STANDARD AND SUB-STANDARD



North American Reassurance Company

LAWRENCE M.
CATHLES, PRESIDENT
250 PARK AVENUE
NEW YORK

The National Underwriter

LIFE INSURANCE EDITION

Thirty-Sixth Year No. 41

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, OCTOBER 7, 1932

\$3.00 Per Year, 15 Cents a Copy

Toronto Convention Is in Session

Whole Week Given to the Gathering

American Life Convention's Big Annual Meeting Held in Toronto

J. M. LAIRD IS PRESIDENT

Department Sections Have Their Conferences, with Parent Association Starting Wednesday

By C. M. CARTWRIGHT

TORONTO, Oct. 6.—The great annual meeting of the American Life Convention is occupying this entire week. The last event on the program will be Friday afternoon, when the new Industrial Section will hold its first meeting with W. J. Bradley, publicity manager of the Home Life of America of Philadelphia, presiding. The American Life Convention is a working organization. It had four of its business sections holding meetings with carefully prepared programs. The Medical Section presented a paper this afternoon and with the new Industrial Section meeting Friday the entire machinery of the organization was running. Dr. H. B. Anderson, medical director of the Imperial Life of Toronto, gave an address on "Mortality Trends," and opened this afternoon's session. Dr. H. W. Dingman of Chicago, vice-president and medical director of the Continental Assurance, presided and introduced Dr. Anderson. Dr. Dingman is chairman of the section.

Management Section Program

Following Dr. Anderson's address, the Home Office Management Section held forth with J. H. Domelle, secretary of the Canada Life, its chairman, presiding. Papers were presented by three outstanding men, they being Secretary J. B. Slimmon, Aetna Life; President A. J. Rydgreen, Continental American Life of Wilmington, Del., and E. G. Brown, vice-president and actuary of the Southwestern Life.

The agency section holds forth Friday with W. W. Jaeger, vice-president Bankers Life of Iowa, as chairman, presiding. Papers are to be given in that department by A. Gordon Ramsay, assistant general manager, Canada Life; E. McConney, actuary Bankers Life of Iowa; President L. J. Dougherty of the Guaranty Life of Davenport, and Vice-President F. L. Jones of the Equitable Life of New York.

The importance of financial subjects was emphasized by the fact that the

Stability of Insurance Stressed by President

John M. Laird Reviews Problems Facing Business in Annual Address

TORONTO, Oct. 6.—The stability of life insurance was stressed by President J. M. Laird in his address at the general session of the American Life Convention yesterday. "Although life insurance," he said, "is singularly free from the violent fluctuations so characteristic of industrial enterprises, its steady progress has been marked by periods of great advance followed by shorter intervals of readjustment."

The sale of new life insurance, he said, has temporarily fallen off, but compared with other lines of business the production has maintained a surprisingly high level. "There is a renewed and abiding faith in life insurance as the one sure means of creating an immediate estate combined with an increasing savings fund available in old age or emergency. Life insurance has again stood the test of time and is ready to move forward and fulfill still greater obligations as an outstanding fiduciary institution."

Will Increase Investment

He said there is no doubt that those who have been forced to either curtail their investments in life insurance or drop the protection they now have, will increase it at the first opportunity.

A more effective curb on the right to withdraw the full loan or cash value on demand was advocated by President Laird in his review of the insurance problems facing the business. In the past too much emphasis has been put on the cash value in selling new business, so that the public's appetite for obtaining cash has been aroused. Looking ahead the companies must be prepared for future panics. "It is probable that for years to come the companies will keep a larger proportion of assets in liquid securities which will give a low yield but which can be converted into cash at a moment's notice. This will necessarily raise the cost of insurance, but will provide a safety valve if the necessity arises.

Lowering Cash Values

"Already there is a strong movement toward lower cash values in early years. It is now recognized that the surrendering policyholder should not be allowed to draw out more cash than the company has accumulated out of his premiums, after making a proper charge for his share of the cost of insurance and other necessary expenses. The amount saved by lower cash values in the early years naturally strengthens the position of continuing policyholders."

The emphasis in life insurance is



JOHN M. LAIRD
President American Life Convention

shifting from net cost to strengthened security, said Mr. Laird. He called attention to the reduction of dividends to policyholders to strengthen the surplus and to keep future costs more in line with modern conditions. It is probable that eventually there will be at ages over 45 a similar upward revision of rates charged for "guaranteed cost" insurance.

High Mortality Figures

In discussing mortality he called attention to new statistics available on aggregate policies in all companies of persons carrying large amounts of coverage. The experience up to policy anniversary in 1930, shows that the mortality rate is as follows:

\$ 200,000 to \$ 250,000.....	108%
250,000 to 500,000.....	115%
500,000 to 1,000,000.....	119%
1,000,000 or more.....	169%

As these figures exclude the major part of the present depression, up-to-date figures will probably show a still higher mortality. The excess mortality on large risks is not entirely due to suicide, according to Mr. Laird. He said there is undoubtedly a direct connection between the state of mind and the rate of mortality and in recent months many men have become discouraged and their powers of resistance against illness have been lowered, and they die because of lack of determination to survive.

No Longer Competitive

There is a general feeling of relief that disability is no longer a competitive factor, said Mr. Laird. However, the important problem of claim settlements on old business still remains.

(CONTINUED ON PAGE 25)

Legal Section in Annual Meeting

Attorneys' Department of American Life Convention Has Successful Gathering

STRONG PROGRAM GIVEN

R. F. Baird, General Counsel of the Lincoln National Life, Is Elected New Chairman

NEW OFFICERS ELECTED
Chairman—R. F. Baird, general counsel Lincoln National.
Secretary—Allan E. Brosmith, attorney, Travelers.

TORONTO, Oct. 6.—The Legal Section of the American Life Convention opened the big week of annual gatherings of the parent organization and its departments here Monday and Tuesday. Allen May, vice-president and general counsel of the Missouri State Life, presided over the Legal Section as chairman, with R. F. Baird, general counsel Lincoln National, as secretary. The legal men sit religiously through their sessions and take the meetings seriously.

G. H. Sedgwick, a justice of the Ontario supreme court, brought the welcome from the Ontario Bar Association. President C. S. Macdonald of the Confederation Life of Toronto brought him to the meeting.

Justice Sedgwick referred to the fact that with the exception of Quebec the Dominion of Canada and the United States traced their basic principles of law to the same source. Therefore the two governments have been able to settle their disputes more amicably.

New Questions Are Up

Chairman May said that new problems had presented themselves to life companies and there were new aspects to old problems, growing out of the depression. He referred, for example, to the many suicides committed to secure insurance money. The incontestable clause which has been regarded as a shield now is being used as a sword, he averred. Because governments are in straits financially new interpretations of tax laws are made or new rulings are set forth to get more revenue.

A. M. Lumpkin, Columbia, S. C., associate counsel United Mutual Life of Indianapolis, prior to reading his paper, told of his serious automobile accident near Greensboro, N. C. He was taken to a hospital. He stated that a company official who called often to pay his re-

(CONTINUED ON PAGE 24)

Air Deaths Show Some Improvement

Aviation Committee of Actuarial Society of America Makes Report

CIVILIAN RECORD BEST

Passenger Fatalities in 1931 Totaled 183
—Military and Naval Flyers' Mortality Worse Than Transport

Improvement is indicated in some aspects of the mortality experience due to flying in the fourth report released by the committee on aviation of the Actuarial Society of America, of which J. E. Hoskins, assistant actuary of the Travelers, is chairman. In 1931, according to the report, there was an improvement in mortality in civilian other than schedule flying, but no significant change in experience under schedule or military flying.

The passenger death rate in schedule flying is set forth as two per 100,000 passenger hours or five per 100,000 flights. The experience for last year was one fatality for every 19,346 passengers carried. In 1930 the rate was one fatality for every 17,396 passengers; in 1929 one for every 9,633 and in 1928 one fatality for every 3,314. The death rate of passengers was 30 per 100,000 flights in 1928, 10 per 100,000 flights in 1929, six in 1930, and five last year.

In short sightseeing flights the committee found that the mortality rate of passengers per 100,000 flights was about three and the rate per 100,000 passenger hours about nine.

Pleasure Flying Record

The death rate of passengers in pleasure flying was put at about 25 or 30 per 100,000 flights. In pleasure flying the death rate per flight appears to be very high, although it shows some improvement. The committee pointed out that undoubtedly much of this flying is done by inexperienced or unlicensed pilots.

Flying as a passenger in exhibition or demonstration flights was called extremely hazardous. Because the exposure was very slight in flying a plane in connection with business the committee was unable to set forth any definite conclusions, but the report indicates a mortality rate per flight better than in schedule flying.

A distribution of passenger fatalities by kind of flying last year shows 27 deaths under schedule flying, 26 in sightseeing flights, nine in non-scheduled cross-country taxi flying for hire and 105 in pleasure flying. The total number of passenger fatalities for the year was 183.

Commercial Pilots

The average mortality rate of commercial pilots lies between 20 and 25 per 1,000, according to the report. Indications pointed to a lower mortality rate for amateur pilots. The report points out that a very low amount of annual flying by amateur pilots leads to a low rate of mortality per year, although perhaps a high rate of mortality per hour. The mortality among students was said to be relatively low, but in this connection the report adds that after a license is obtained and particularly after the student qualifies for a transport license the mortality rate appears to increase sharply for a time, then decreases gradually, but seems to level off after about a thousand hours in the air, with no appreciable improvement after that time.

Statistics on military and naval flying indicate that the mortality rate of regular army and navy pilots is higher on

Will Be Director



ALFRED MACARTHUR, Chicago

Alfred MacArthur of Chicago, president of the Central Life of Illinois, has been named as one of the directors of the new federal home loan bank, which will service Illinois and Wisconsin, having its headquarters at Evanston, Ill. Its capital will be minimum \$15,000,000. Mr. MacArthur is one of the outstanding western executives. In addition to his regular duties, which are arduous this year, he is rendering conspicuous service at Republican national headquarters in Chicago.

an hourly basis than that of schedule commercial pilots but lower than that of non-scheduled commercial pilots in general.

The committee found that the rate of accidents due to weather conditions has been greater than any other cause. There has been a great preponderance of fatalities on the west coast and in the northeast. The fogginess of the territory flown over seems to be correlated with the fatality rate.

Transport Pilots

In 1929 there were 34 deaths for each 1,000 transport pilots, as against 23 per 1,000 in 1930 and 19 per 1,000 in 1931. The improvement may be due to a temporarily decreased amount of flying. The death rate among limited commercial pilots was 18 per 1,000 in 1929, 20 in 1930 and nine in 1931. Among private pilots the death rate in 1929 was 12 per 1,000, as against 14 in 1930 and eight last year. It is pointed out that the most experienced class of pilots has consistently exhibited the highest rate of mortality per year while the less experienced class has in general exhibited the lowest rate. This is explained by the fact that mortality rate increases with the amount of annual flying time, although not in direct proportion.

Among transport pilots the mortality is said to be high for those with less than 500 hours' experience, while the available evidence indicates no material improvement in annual mortality rate after 1,000 hours' experience has been passed. A relatively high mortality was said to exist among pilots of 2,000 or more hours' experience.

Although corresponding figures were not available for 1931, the report of the committee indicates that in 1930 there was a passenger death for every 4,300,000 passenger miles flown as against one death for every 440,000,000 railroad passenger miles. In 1931 there was a passenger fatality in flying for every 4,600,000 passenger miles.

Connecticut Mutual Increase

For the second consecutive month the Connecticut Mutual Life has had an increase in issued business. September

Announce Chicago Program of Bureau, Agency Officers

SEVERAL OUTSIDE SPEAKERS

Wide Range of Subjects on Conservation, Management, Present Day Production at Joint Meet

The complete program for the joint annual meeting of the Life Agency Officers Association and the Life Insurance Sales Research Bureau, to be held in Chicago Nov. 1-3, has been announced.

J. O. McKinsey, president of the firm of that name and a nationally known authority on budgetary control, will be one of the speakers from outside the life insurance business. Norval Hawkins, consulting sales manager, and former Ford executive and adviser to General Motors, is also on the program.

On the first day J. M. Holcombe Jr., manager of the Research Bureau, will review the bureau's work for 1932. In line with the general theme for the day, "Conservation," L. J. Doolin of the bureau staff will talk on "Is Contest Business Persistent?" L. S. Morrison of the bureau will talk on "Conservation Through Contractual Provisions."

To Give Rewriting Report

Following this, Vice-President F. L. Jones of the Equitable Life of New York, chairman of the committee on replacement of business, will present his report. President Chandler Bullock of the State Mutual will conclude the session with a talk on "Leadership in Company Management." Group conferences will be held the afternoons of the first two days.

Mr. McKinsey will talk on "Planning for Profit—A 1932 Objective for Sales Executives," and E. C. Wightman, comptroller Lincoln National, will discuss "The Control of Costs—the Test for Modern Life Insurance Management."

"The Cost Factor in Sales Planning" will be handled by G. F. Davies of the bureau, who will be followed by V. R. Smith, general manager and actuary of the Confederation Life, who will talk on "Management, a Cooperative Responsibility."

Program the Last Day

Getting business under present conditions is the general theme of the third day's sessions. Speakers will be J. G. Stephenson, superintendent of agencies London Life, on "Improving Production Today," Superintendent of Agencies V. B. Coffin of the Connecticut Mutual, on "Building Agents and Agencies;" F. M. Feffer, vice-president and agency director Abraham Lincoln, on "1932 as It Affects the Young Company," and Jerome Clark, vice-president and superintendent of agencies Union Central, on "Building Business with Sales Ideas and Sales Methods."

Second Vice-president A. G. Borden of the Equitable of New York will report on Life Insurance Day for the committee of the Life Agency Officers Association. S. G. Dickinson of the bureau will discuss "Present Production Problems," and Manager Holcombe will summarize the morning session.

At the afternoon session Mr. Hawkins will talk on "Manage or Be Managed—the Training Time Is Now." Following the entire program will be summarized by President M. A. Linton of the Provident Mutual. Chairmen of the first, second and third sessions respectively will be C. D. Devlin, general superintendent of agencies, Confederation Life; Mr. Linton; and G. H. Chace, assistant secretary Prudential.

shows a volume of \$11,228,642 as against \$9,171,784 in September, 1931, an increase of 22.4 percent. In August there was an increase of 15.6 percent in issued business as well as a substantial increase in paid-for.

Elliott's Review Covers 646 Cases

Manager-Counsel of A. L. C. Gives Cross-section of Year's Law Decisions at Toronto

KASTNER MAKES REPORT

Legal Section Meeting Brings Forth Number of Good Papers on Fine Points

General Counsel and Manager Byron K. Elliott gave the review of recent decisions before the Legal Section of the American Life Convention's Toronto meeting. He said that the number of decided cases with which life insurance counsel are expected to be familiar continues to increase each year. There were 646 cases digested in the legal bulletin of the A. L. C. last year. He classified decisions reviewed as taxation, total and permanent disability, incontestability, aviation, suicide, payment of premiums by wrongfully acquired or misappropriated funds and torts of an agent—company's responsibility.

Attorney Kastner in Review

Attorney Ralph H. Kastner of the A. L. C. gave a comprehensive review of legislation and departmental action during the year. He said that what purported to be a so-called legislative off year turned out to be one of intense interest and activity. He took up at length the taxation subjects, bills in the United States Congress on revenue and measures in state legislatures involving tax changes, and also municipal taxes, mortgage, intangible and ad valorem taxes, franchise taxes, taxes on policies and cash surrender values, delinquent taxes and tax moratoriums and various other tax measures that came to the front during the year.

He treated on some of the states attempting to change policy provisions. He spoke of aviation riders and had a part of his paper devoted to agents, brokers and adjusters. He had something to say about investments and amortization of securities, bonds, annuities, unemployment insurance and benefit plans and old age pensions. He took up the question of jurisdiction and of the federal interpleader act, group and industrial insurance, organization and regulation of companies, examinations, twisting, cancellation of policies and sundry other subjects that have to do with departmental and legislative activities.

Other Legislative Frenzy

In conclusion he said: "Most of us are staggering now from the effects of legislative frenzies to accomplish any and every end at the behest of small groups inevitably resulting in higher legislative cost. Now is the time to call a halt in our mad flight and to return to sane and sober judgment."

Important developments in rescission cases were recited by Alva M. Lumpkin of Thomas & Lumpkin, Columbia, S. C., associate counsel of the United Mutual Life of Indianapolis, Ind. The fundamental doctrine on which rescission cases is based is fraud in procurement of the policy and that the complainant has no plain, adequate and complete remedy at law because the limitations in the policy or state statute, or both, will expire and the rights of the company to contest for fraud will be wholly lost. Mr. Lumpkin said, however, there is doubt whether a court of equity can entertain such a complaint by the com-

(CONTINUED ON PAGE 26)

Macdonald Heads Financial Section

Setup for American Life Convention Group Changed as Reilly Refuses Promotion

MANY IMPORTANT TOPICS

Practically All Phases of Investment Problem of Life Companies Are Reviewed

TORONTO, Oct. 6.—A surprise was sprung on the Financial Section of the American Life Convention in session here this week, when it came to electing new officers. It has been the practice to promote the secretary of the section to the chairmanship. John E. Reilly, secretary and treasurer of the Old Line Life of Milwaukee, who was due for the chairmanship, requested that this practice be not observed this year with regard to the Financial Section. Hence the committee nominated President C. S. Macdonald, Confederation Life of Toronto, for chairman, and O. J. Lacy, vice-president Minnesota Mutual Life, for secretary. The nominating committee consisted of G. C. Holmberg, treasurer Northwestern National Life; Chairman J. J. Shambaugh, Royal Union Life, and President E. O. Burget, Peoples Life of Indiana.

The Financial Section held an all-day meeting Tuesday and the attendance indicated the keen interest of company officials in the investment side of their business. Chairman Russell T. Byers, vice-president American Central Life, in residing said that the program had to deal largely with conservation rather than outlining an investment program for the future. J. E. Reilly, secretary Old Line Life of Milwaukee, was secretary of the section.

Economist Analyses Conditions

Dr. A. J. Hettinger of the Investment Research Corporation of Detroit, well known economist, made an analysis of present conditions with the background of the economical collapse starting at the end of 1929. In answering the question whether the present revival in activity as indicated by an upward trend of the stock market can be counted as permanent and whether it can be said with assurance that the worst is over, he said that a further sharp decline is possible but not probable. He finds that the sentiment among the people is more hopeful. In answering the question whether the nation can look forward to an improvement in business or whether there will be a further disintegration, he said that there must be a world improvement in business before there can be any great upward trend.

There is a large amount of unemployment at present which acts as a retardant. The customer buying power has not increased to any extent. He asked again what will be the probable trend of the securities market and said some parts of the world are considerably disturbed and if any nation breaks forth and causes considerable upheaval the reverberation will be felt all over the world. He said there are many hazards to be confronted in forecasting the future. He believes, however, that security prices reached their lowest depth in June and July.

Allan E. Brosmith, attorney for the Travelers, took up the question of the disposal of real estate by companies. This is an important question now be-

Reviving Incontestable and Suicide Clauses Discussed

THREE THEORIES INVOLVED

Charles G. Revelle Speaks to American Life Convention Legal Section—Advocates Term "Insurability"

The revival of suicide and incontestable clauses on reissued or converted policies was discussed by Charles G. Revelle, general counsel Continental Life of Missouri and former Missouri insurance superintendent, before the legal section of the American Life Convention in Toronto Tuesday.

There are three theories regarding the application of the incontestable clause to reinstated policies: The reinstatement is not a new contract, but merely a waiver of previous forfeiture and cannot be challenged or voided because of misrepresentation or fraud in procurement. (2) That the reinstated policy is an entirely new contract and the incontestable clause is a part of it and runs anew from date of reinstatement. (3) That regardless of whether the reinstated policy is a new or old contract, the reinstatement is another distinct contract voidable for fraud in procurement.

The majority of the courts have adopted the theory of the new contract, said Mr. Revelle, and it seems to be the growing judicial tendency and is probably more in harmony with the real intention.

As a majority of courts are now holding the reinstated policy creates a new contract, the question whether the suicide clause of the original policy is revived through reinstatement is reopened. "The modern judicial tendency," said Mr. Revelle, "undoubtedly supports the theory that the reinstatement of a policy revives the suicide clause in the original policy from the date of reinstatement, but companies desiring to protect themselves against suicide for some period after the reinstatement should not rely alone upon the theory of a revival of the clause in the original policy, but should embody in the application, and in the clause to be attached to the policy, the provision excepting suicide."

He advocated substitution of the term "insurability" instead of "good health," as the former word is much broader and embraces numerous factors as well as

Large Sum Is Paid Under Group Policies in Country

AMOUNT OF TOTAL BENEFITS

Vice-President Page of the Travelers Has Gathered Together Some Interesting Statistics

HARTFORD, Oct. 6.—More than \$89,000,000 will be distributed this year among 51,000 families in the United States as benefits under plans of group life insurance, it has been estimated by B. A. Page, vice-president of the Travelers. An analysis of the experience this year indicates that nearly \$61,000,000 in benefits will be disbursed among 34,800 families because of death by disease of an insured employee and more than \$10,000,000 will be distributed among 5,700 families as a result of the death of employees by accident. Benefits because of permanent total disability of 10,500 insured employees will amount to more than \$18,000,000.

Total Benefits Paid

Since the inception of group life insurance total benefits, including this year, amount to more than \$500,000,000. More than 360,000 families in the country have received the payments. More than \$396,000,000 of benefits have been disbursed because of death by disease of around 271,000 employees, and the benefits because of death by accident of 42,000 employees have totaled \$62,000,000. Payments to more than 50,000 employees who have suffered permanent total disabilities have amounted to more than \$77,000,000.

Around 32,000 business establishments in the country, it is said, have in effect group plans of insurance totaling nearly \$10,000,000,000 in amount. The number of employees insured is put at 5,600,000. While business conditions, it is said, have reduced the amount of group life insurance in force, as well as the number of employees included in such plans, total benefits during this year have not decreased in the same proportion. The average benefit of \$1,700 payable this year exceeds the average payment of last year.

good health, such as moral character of the risk.

Legal Section Officers



ALLEN MAY, St. Louis
Vice-President-Attorney Missouri State



RICHARD F. BAIRD, Fort Wayne, Ind.
General Counsel Lincoln National Life

The Legal Section of the American Life Convention held forth Monday and Tuesday of this week at Toronto, occupying two days before the big meeting proper started. The Legal Section is one of the oldest of the sections of the American Life Convention, being antedated only by the Medical Section.

Life Ad Men Want Own Organization

Vote Next Year May Mean Separation from Fire and Casualty Group

ANNUAL MEETING IS HELD

Publicity Men of Insurance Companies Gather in New York and Elect Officers

NEW OFFICERS ELECTED

President—Stanley F. Withe, Aetna Casualty & Surety.
Secretary—Charles C. Fleming, Life Insurance Company of Virginia.
Treasurer—Horace V. Chapman, Ohio Farmers.

LIFE GROUP

Vice-President and Chairman—Kenilworth H. Mathus, Connecticut Mutual.
Secretary-Treasurer—Frank Price, Prudential.

Advisory Committee—The officers and R. C. Budlong, Northwestern National, and Rex B. Magee, Lamar Life.

By H. J. BURRIDGE

NEW YORK, Oct. 6.—At the tenth annual meeting of the Insurance Advertising Conference, held here during the first three days of this week, it became apparent that a majority of at least the life members favor splitting the present conference into two separate and distinct groups—one for fire and casualty company men and the other for life only. During the year the life membership has increased and the fire and casualty list declined. The life members thus constitute a majority.

During the coming 12 months both groups will send a questionnaire to their members which will be designed to reveal whether the present plan of one conference with two groups is regarded as satisfactory or whether a splitting up into two groups would be favored, the results of the questionnaire to be presented at the next annual meeting. The vote will be in favor of the split-up, unless a majority of the life group reverses its present attitude.

Cover Important Meetings

It was decided to have an official representative of the Advertising Conference present at all of the important insurance gatherings in the future, such as the conventions of the National Association of Insurance Agents, the National Association of Life Underwriters, etc. It was also decided to abolish the class B membership list, which has consisted of all of those interested in the works of the conference but not acting as insurance company advertising managers. To the insurance newspaper men this means that in the future they will not have to pay \$5 for the privilege of publicizing the conference's annual meetings.

B. N. Mills, Bankers Life, presided at all of the conference's joint sessions as president. At the initial session of this type Stanley F. Withe, Aetna Casualty, spoke on "The Public Be Told." Charles C. Fleming, Life Insurance Company of Virginia, discussed various styles of typography. William L. Day of the J. Walter Thompson Company told what the advertising manager of an insurance company could do, and Philip L. Thomson, president of the Audit Bureau of Circulations, had as his topic "The A.B.C. and Insurance Advertising."

In his talk Mr. Day declared that insurance has been built up by personal selling. In the future the appeal, both personal and through advertising, must be emotional rather than economical. In the past, insurance advertising has

(CONTINUED ON PAGE 14)

(CONTINUED ON PAGE 13)

Insurance Builds Moral Reserves

H. A. Behrens Emphasizes Importance of Psychological Influence on Individual, Civilization

BIG AID TO DEMOCRACY

President of Continental Assurance Gives Idealistic Conception to American Life Convention

"Reserves for good purposes, reserves for character, reserves for the establishment of good order in society, reserves for the creation of manhood, reserves for good government, and reserves for the perpetuation of our civilization, are in their last analysis far more valuable than the financial benefits of life insurance, for these financial benefits would not long continue without these moral reserves."

Thus, H. A. Behrens, president of the Continental Assurance, rhetorically concluded his address before the annual meeting of the American Life Convention, in which he dwelt on the part that life insurance is playing in bettering the life conditions of the average citizen, aside from economic considerations. He said the great development of life insurance is a force for the correct solution of those problems that seem to be peculiarly inherent to a democratic form of government.

Psychological Influence

Mr. Behrens emphasized that life insurance has a psychological influence upon the character of the individual and hence upon the form of civilization which is developing in the United States and Canada. In the two countries there are some 60,000,000 people who have voluntarily adapted for the protection of themselves and of their dependents a form of financial procedure which entails systematic saving, systematic thrift and often systematic self denial. "This fact," Mr. Behrens said, "breeds stability of purpose and character in the individual while it accentuates the value of permanence and order in government and the self interest of the individual, if nothing else, renders him conscious of civic and moral responsibility in the future. The individual is conscious to the extent that he acts, and often, by the making of financial sacrifices. Here is substantial ground for the conviction that our civilization has made progress. It is the substantial contribution of life insurance policyholders to the continued advancement of civilization and the peace and comfort and happiness that goes with it."

The aggregate results accomplished by life insurance policyholders are the consequence of the individualistic actions of 60,000,000 policyholders conscious of responsibility, he said.

Relation to Public Debt

In 1913, Mr. Behrens pointed out, the total bonded indebtedness of the United States and its political subdivisions was slightly less than \$4,500,000,000. At that time there was life insurance in force in the United States of about \$20,000,000,000. The life insurance actually in force was about \$16,000,000,000 more than the entire public debt, Mr. Behrens pointed out, so that as of that date not only was the entire public debt amply secured by the assets of the country, but provisions had been made by the individuals for life insurance sufficient to pay off the entire debt with \$16,000,000 over. At the end of 1931 the bonded debt of the United States was

Attack on Sun Life Leads to Arrest of the Author

CRIMINAL LIBEL IS CHARGED

Action Taken Against James J. Harpell, Head of "Journal of Commerce" of Toronto

MONTREAL, Oct. 6.—Attacks on the Sun Life and T. B. Macaulay, its president, led to the arrest here of James J. Harpell, publisher and president of a monthly magazine known as the "Journal of Commerce." A recent issue of the magazine was mainly devoted to an attack on Mr. Macaulay and the Sun Life. The charge against Harpell is criminal libel. He was arrested and arraigned on Monday, Oct. 11 was fixed as the date for the trial. The charge carries a maximum penalty of three years imprisonment or a fine of \$400 or both.

The issue of the magazine apparently has been widely circulated. If the contents are held to be libelous those passing it about will be technically guilty of libel.

This is not the first attack made by Harpell or the "Journal of Commerce" on the Sun Life. In fact, previous issues as well as a pamphlet published by Harpell have given impetus to the whispering campaign against the company. Competing agents have carried copies about to show prospects in cases where the Sun Life was being considered. In an action of criminal libel it is only necessary to show malice and it will not be necessary to go into the truth or falsity of the charges.

Sun Life's Position

The Sun Life heretofore has taken the position that it would not dignify the attacks made by Harpell's "Journal of Commerce" on the company, although they are vicious. The company felt that people at large would understand the motive back of the publication. President T. S. Macaulay evidently was goaded to distraction by the most recent issue of this publication, which went to all lengths in its virulent and vituperative attacks.

It is Mr. Macaulay personally and not the company that brought the suit for criminal libel. The hearing comes up Oct. 11. Harpell owns a large printing plant in Toronto and has built up quite a valuable constituency. It is thought that Mr. Macaulay will run Harpell to earth. It is said that a sharp clash between Mr. Macaulay and Harpell some years ago led to an enmity resulting in this besmirching of the Sun Life and its president.

something less than \$40,000,000,000 while the life insurance in force was \$109,000,000,000—a margin over the public debt of almost \$70,000,000,000 over four times what there was before the war and the present depression.

(CONTINUED ON PAGE 15)

Action Is Needed to Stop Twisting, Says Dougherty

Twisting was bitterly condemned by Lee J. Dougherty, president Guaranty Life of Iowa, in his talk to the American Life Convention agency section meeting in Toronto this week. He urged immediate action on the situation, because he believes the evil is becoming more predominant. He advocated the strengthening of the anti-twisting laws of the various states and urged the insurance commissioners to adopt uniform anti-twisting laws at their next meeting.

Now Is Ideal Time to Tell Public Story of Insurance

VIEWS OF PUBLICITY MAN

With of Aetna Casualty and Automobile Before Insurance Advertising Conference in New York

There never has been a time when insurance has had so much to tell the public as now, Stanley F. Withe, manager publicity department, Aetna Casualty & Surety and Automobile of Hartford, stated in his address on "The Public Be Told" in the general session at the Insurance Advertising Conference meeting in New York City this week. At a time when nearly everything else that a man owns has shrunk to a fraction of its former worth, every dollar invested in insurance, whether life, fire or casualty, is an asset that not only has not depreciated but is worth in buying power far more than the purchase price.

Public Receptive Now

"This being true," he said, "and we all know that it is true, did any business ever have a greater story to tell the public than life insurance has today? Did any business ever have a public more receptive to its message, a public more eager for the thing we have to sell—a safe investment, an investment that is worth more and more all the time, but which we know will never be worth less than was paid for it?

Publicity Helps Agents

He said of course agents are telling the public these things in their canvases, but the information could be much more effectively given through the printed word in advance of the agent's call.

He said there is nothing in a nationwide publicity campaign in magazines of general circulation that should disturb the trade press, on which the companies necessarily rely to tell agents of missionary work. The fact the companies are using magazines of general circulation is excellent information to pass on to agents, and the logical and economical way of doing so is through the medium of the insurance press.

He said the insurance press can be of inestimable value to the business in awakening agents to these opportunities and acquainting them with the educational value of the general national advertising which is being done effectively by a few companies.

Farmers & Bankers Shows Gains

The Farmers & Bankers Life of Wichita, Kan., reports that its new business in August showed a substantial gain over August, 1931. In September, the increase in new business written was 73 percent more than in September, 1931.

The total new business written to Oct. 1 of this year is only about 4 percent under the amount written for the first nine months of 1931.

The company states there has been no special drive made for business, that it is coming from all states in which the company operates, these states being Kansas, Minnesota, Iowa, Missouri, Arkansas, Nebraska, Oklahoma, Texas and Colorado.

This company's policy loans have shown a very noticeable decrease during the past summer.

R. H. Cole, vice-president and director of the Connecticut General Life, has just completed 30 years of service with that company. He joined the Connecticut General in 1902, following his graduation from Yale, and became an actuary in 1906. He was elected secretary in 1917 and vice-president in 1924. In recent years he has been in charge of the investment department.

Turnover Noted in Industrial Circles

Many Agents Disheartened Spite of Excellent Sales Record

EXPECT UPWARD SWING

New Men Adjust Themselves Better Severe Conditions Than Older Solicitors

NEW YORK, Oct. 6.—Industrial companies are experiencing a considerable turnover with their agents, in spite of the excellent record industrial insurance has made in the face of extreme adverse selling conditions. Conditions have been very disheartening in the last few months, the figures on industrial business for June, July and August showing a steady decline, with August production at the lowest point it has been since the depression started. Industrial officials, however, see signs of general business activity which encourage the belief that this downward trend in industrial writings will shortly swing upward.

Companies Recognize Conditions

The last three years have been a severe proving-ground for industrial agents. Often they have seen their entire town idle from wholesale layoffs. In spite of constant help and supervision from their superior officers, agents have in many cases felt that they could do better in some other line, only to find that conditions were even worse outside the insurance business. Many of them have come back looking for their old jobs on the debit, but naturally their positions have been filled with new men.

Where an agent is doing his best he is faced by conditions which the company realizes are for the time being as possible, agency officials are inclined to effect some arrangement whereby the agent's salary will enable him to maintain himself until the situation improves. Companies feel that there is no use letting a good man go when a new man could do no better and probably would do a great deal worse.

New Men Follow Directions

Many of the new men who have been taken on by industrial companies have made excellent records, however. In the ordinary field, it has been found that new men frequently do as well as new men usually do in better times. They are willing to do as they are told, since they know no other way of doing. Many of the older men seem unable to make the adjustment to new and more difficult selling conditions and at the same time are unwilling to place the trust in sales plans which have been devised to meet these conditions.

Applicants for positions as agents are carefully scrutinized. Although many good men are out of work on account of the depression, the applicant's record is closely looked into to see just where he left his previous calling, even though the latter may have been some line in which there is no activity whatever. Most of the new agents taken on are former salesmen in various fields.

New Era Life Association Record

The New Era Life Association of Grand Rapids in August wrote more business than in any previous month for the past four years, registering 50 percent gain over August, 1931. So far this month business shows a large increase over August.

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FAIR - JUST

LIFE ASSURANCE

SECURITY - PEACE OF MIND

SOCIETY

MUTUAL - COOPERATIVE

OF THE U.S.

NATION-WIDE SERVICE

A NAME
that does more than
identify — *It explains*

THE EQUITABLE

Founded on the principle of equality, it has ever been the aim and the practice of The Equitable to transact its business with policyholders and their beneficiaries justly and fairly, and with a view always to serving the best interests of its members. It is an institution Equitable in practice as well as in name.

LIFE ASSURANCE

Life assurance is a service far broader in scope than mere provision against the economic loss occasioned by death. It means security and peace of mind. Equitable policies are primarily for the living. Either the insured (or his dependents) will sooner or later benefit financially from any Equitable contracts which he maintains. Largely, Equitable life insurance is provided not because of the possibility that someone will die, but because of the assurance that someone will live.

SOCIETY

The Equitable is a purely mutual company. It is a great cooperative institution, altruistic in purpose, beneficent in its objectives, and conducted solely in the interests of its policyholders and their beneficiaries. Equitable policyholders are the sole owners of the resources of the Society.

OF THE U.S.

The Equitable is a national not a local institution. It has branch offices in the principal cities, and representatives in practically every section. Likewise, its investments are broadly distributed and are limited to the most conservative types. Every state (including your own) from which premium income is derived shares in the advantages of the Equitable's carefully diversified investment program.

THE EQUITABLE

LIFE ASSURANCE SOCIETY OF THE UNITED STATES

Thomas I. Parkinson, President

393 Seventh Ave., New York, N. Y.

"A Source of Comfort Through the Years"

The Record of a Small Policy

THE following letter from a Wisconsin clergyman illustrates strikingly how even a small life policy *kept in force* may be the chief or sole means to security and peace in the later years of life:

"My mind goes back across the years, to an afternoon in North Dakota, when a representative of the New York Life came to my home and urged me to take out some Life Insurance. I believed in insurance but was too poor to make a start. I was so short of money that the agent had to lend me the money for my first premium. My only regret is that I did not let him make it three thousand instead of one, as he wanted to do.

"It has been a source of comfort through the years, to have even so small an amount in a safe place. Now we are no longer young, and have decided to buy a little home. This means that we need the small savings the New York Life has been keeping for us these many years . . ."

This is a \$1,000 20 Payment Life policy issued at age 35. Total premiums paid —\$766.80. Present cash value, including dividend deposits, amounts to \$1,146.21. Through all these years the beneficiary has been protected for \$1,000.

A life or endowment policy (but not term insurance) is an Insured Savings Plan with guaranteed values for retirement.



HOME OFFICE BUILDING

NEW YORK LIFE INSURANCE COMPANY

51 MADISON AVENUE
NEW YORK, N. Y.

President Views Company Counsel

Need for Investigating and Contesting Claims Urged at A. L. C. Convention

LEGAL SECTION MEETING

Valuable Papers Read on Punitive Damages, Group Obligations in Toronto Sessions

Papers read at the Toronto meeting of the legal section of the American Life Convention this week covered a wide range of subjects of prime importance in life insurance.

A life company president, Laurence F. Lee of the Occidental Life of Raleigh, N. C., brought some thought-provoking views of an executive who contemplated the law department of a life company. He said it is highly desirable that the law and claim departments of all companies cooperate, particularly in investigating and contesting claims with a view of abolishing the too frequent practice of over-zealous attorneys or claim adjusters who curry public favor by adjustments or settlements which would make it appear the company is liberal as compared with competitors. He said the sales department and agency force still dread losses. The lawyer can fill a valuable place in acting as the balance wheel, seeing the whole picture clearly and determining the right course.

Business Highly Complex

The business has become highly complex, its problems being multiplied through operation in many states and a large contributing factor being the continual piling up of statutory law, conflicting and ever increasing court decisions and regulations imposed by commissions. Regulations are usually well intended, but do not always have the desired results, although they always make it harder to carry on the business. Legislatures and the public mistake assets of companies for private assets and when these loom large there is temptation to raid them through taxation and claims. Company law departments should help greatly in supervising and simplifying policy phraseology and wording of agency contracts. Much trouble and loss can be avoided by placing responsibility upon legal departments for certain parts of the completing of loans.

Discusses Punitive Damages

P. M. Estes, vice-president and general counsel Life & Casualty of Nashville, Tenn., discussed "Punitive Damages—What Breach of Life Insurance Contract Justifies." He said what really interests companies in this connection is whether punitive damages can be recovered for alleged fraudulent acts of the company or an agent by the preceding, succeeding or contemporaneous breach of contract. Outside of South Carolina, he said, the rule is that for breach of contract, including insurance contract, the only measure of damage is compensation.

Mr. Estes wrote a number of industrial and group life and accident companies in preparing the paper, many reporting that it has become impossible to disallow any sort of claim in South Carolina without having the disallowance result in a suit for punitive damages. This has led to a sort of racket, none of the suits exceeding \$3,000, as this prevents removal to the federal court. One company is defending suits

Medical Director Has Dual Role at Meeting



DR. H. W. DINGMAN, Chicago
Vice-President Continental Assurance

Dr. H. W. Dingman, vice-president of the Continental Assurance and Continental Casualty of Chicago, acted as master of ceremonies at the golfers' dinner following the tournament during the American Life Convention meeting at Toronto Monday and Tuesday of this week. Always scintillating, he radiates sparks of every possible description at the feast. Dr. Dingman is chairman of the Medical Section of the American Life Convention and introduced the section's speaker, Dr. H. B. Anderson, medical director of the Imperial Life of Toronto, who read a paper Thursday afternoon.

aggregating nearly \$40,000 under fire policies with indemnity not over \$1,250. A substantial non-resident company of high character points out that in the last two years 51 cases have arisen in South Carolina involving policy claims of less than \$1,000, but in which \$150,000 punitive damages were asked. The company has paid on these cases \$36,000 punitive damages and \$5,200 attorney fees.

Berkeley Cox, associate counsel Aetna Life, spoke on "Legal Relationship Rights and Obligations Under Group Insurance Contracts," a matter involving many fine points of law. One of the absorbing issues is the question of status of the employer. Mr. Cox said if the employer should be found acting as an agent the situation would be dangerous for companies. One would be opening the door to pay some claim based on untrue evidence and would make the companies responsible for acts of persons as their agents over whom in fact they have no control. Another danger is that group policyholders should be considered the companies' agents.

Raub's Views on Executives

Prefacing his views on the subject "The Law Department Looks at the President," with the explanation that they did not refer to executives attending the A. L. C. convention, Edward B. Raub, Jr., associate counsel for the Lafayette Life, said there are some company executives who take up matters with their legal departments only after complications and legal entanglements have taken place. Sometimes such executive decisions are expensive, he said. Counsel is expected to extricate the company from a situation that probably could have been avoided. On the other hand, he said, the legal department owes the duty of giving constructive advice and assisting in furthering the executive's carefully laid plans and tempering legal advice with common sense.

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O. K. Incontestable Clause Report of A. L. C. Counsel

Approval was given by the Legal Section of the American Life Convention at the Toronto meeting of a report by a special committee on revision of the incontestable clause. The committee recommended the following clause, with optional elimination of the words contained in parenthesis:

"After this policy of life insurance shall have been in force (during the lifetime of the insured) for a period of two years from the date borne by this policy, it shall not be contested on any ground affecting its original validity."

The committee urged that the report be transmitted to the executive committee of the A. L. C. with the recommendation that it be transmitted to executives of company members, the National Convention of Insurance Commissioners, the committee on insurance of the American Bar Association and the Commission on Uniform Laws.

Members of Committee

The members of the committee were Francis V. Keesling, chairman; R. F. Baird, Allen May, Francis J. Wright and W. Calvin Wells.

It was stated that two types of clauses were suggested, one "That after this policy (of life insurance) shall have been in force during the lifetime of the insured for a period of two years from the date of its execution, its validity shall not be contested for misrepresentation, fraud, non-disclosure, breach or non-fulfillment of any condition in the policy, relating to its original issuance"; and the other the clause which the committee prefers.

The committee comments on the fact that the committee on the same subject appointed by the Association of Life Insurance Counsel reached the same conclusion as the A. L. C. committee, the language of the recommended clause being identical. This latter report was approved by the Life Counsel some months ago.

Cite Ethical Conduct

A number of important cases are cited. The committee continues in regard to the possibility of change in the clause, "Possibly the incontestable clause has contributed to the elimination almost entirely of indefensible contests on the part of life insurance companies. As the incontestable clause itself was due to higher ethical standards, we are inclined to the belief that higher ethical standards should be given the credit.

"Such ethical standard demonstrated in insurance company administration and interpretation of contracts, and the more thorough supervision of insurance companies, which mark a difference in the times, should relieve apprehension on the part of the public, if a study of the incontestable clause should justify revision and the companies should proceed to effect that revision."

Agents' Licenses Suspended

LINCOLN, NEB., Oct. 6.—Commissioner Herdman has suspended for 90 days the licenses issued to Andrew Christensen, Minden, and A. Evenson, Kearney, on charges that they twisted an ordinary life policy for \$2,500 in the Aetna Life, held by Jasper Jasperson of Omaha, to a 20-pay life in the Gibraltar Life & Accident of Denver, which they represent. Commissioner Herdman has advised the company to take up the policy and return Jasperson \$47.72 paid in cash and his note for the same sum, as a one year premium. Neither agent appeared to defend himself, but each wrote a letter denying the charge and saying they had advised Jasperson merely that he could borrow on his Aetna policy to pay his premiums. Jasperson said they told him to borrow money on his policy and then let it lapse through failure to repay the loan.

Are you game to try it?

CAPABLE MEN OF CHARACTER, out of position, may find a place for themselves in life insurance—if they possess the industry and patience to build up a permanent clientele.

The *capital required* is the will to work and be content with moderate returns at the start, being assured as the years go on of a substantial and increasing *permanent income*.

If you are game to try it, write

JOHN HANCOCK INQUIRY BUREAU
197 Clarendon Street, Boston, Mass.

John Hancock
MUTUAL
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

A mutual company 70 years in business. Paid policyholders in 1931 over 87 million dollars. Offers all forms of life insurance for personal and family protection; also annuities, as well as Group forms for firms and corporations

Attorney Urges Underwriters to Insist on Will and Policy

BOTH ARE HIGHLY IMPORTANT

Former Federal Tax Expert Addresses Hintzpter Agency in Chicago—Approves Life Trusts

Twelve important reasons why every life underwriter as a part of his service should counsel his clients and prospects to make a will were given by L. V. Cleary, Chicago attorney, in a meeting of the H. C. Hintzpter agency of the Mutual Life of New York in Chicago last week. Mr. Cleary is a tax and estate specialist who formerly was connected with the federal tax department for many years. His subject in the Monday morning agency meeting, which is a continuation of a long series devoted to tax matters, was "Wills, Trusts and Life Insurance, and Their Relationship to Each Other."

Intestacy Causes Trouble

Mr. Cleary said the decedent's intent governs in case of testacy, but when intestacy occurs it counts for nothing. The legislature makes the will when one dies intestate. In case of intestacy, one's property is divided according to law and cannot be kept intact for any specific purpose or intent. If one dies intestate, there is no vested right of a living person to be an heir, because the legislature can change vested rights, property is subject to changes of the law, and the heirs' interest therein is subject to like change.

Intestacy may tie up one's estate and the desire to protect wife and family and other dependents may not be carried out. Mr. Cleary pointed out that a man's family is the natural object of his bounty, but in avoiding a will for morbid or other reasons, he defeats his own purpose. The estate is a going concern which requires planning, supervision and skillful management. Execution of a will is a business arrangement, purely and simply. He said it is as necessary as the life insurance contract in the scheme.

Will Is Vital Protection

When a will is made it is necessary to take inventory, in its broadest sense, from year to year. A will protects the testator's business interests. Mr. Cleary said intestacy is as ruthless to a person's investments as it is to his business interests. It is destructive to life insurance payable to estate. A will guards the small estate as well as the large one. Taxation of an estate is guarded best by an able executor and not by a ruthless administrator.

If discretion is necessary in administering the estate, he believes—and he stated many life insurance companies so prefer—that the estate should be placed in life trust. He said a man's responsibility to his family can be discharged surely only through a will and life insurance. The latter is the only sure way to meet taxes today, placed in the form of a life insurance trust. There is no fluctuation, the money is always there, whereas, in the case of a funded trust, depreciation of securities may make the trust a great deal smaller at the time of application of tax than at testator's death. In fact, cases have been known in which the trust was not sufficient to meet the taxes on it.

Phrases Shortest Legal Will

Mr. Cleary said any will is better than none. One of his lawyer friends made a will on his own life containing only 13 words, "I give all my property to my wife and appoint her executrix thereof." Mr. Cleary said the words, "without bond," might be added. Lacking an attorney, Mr. Cleary suggested in emergency cases life insurance men urge that clients guard immediately

Conservation Practices Are Told by Companies

The National Underwriter has made an interesting survey of the methods being used by companies to retire policy loans and keep the business in force. A number of replies have already been published and in the following various companies explain their loan practices.

Here is a fine letter from the Connecticut Mutual:

We have given very careful thought and study to this problem due to the rapid increase in the past two years of outstanding policy loans. We have studied each plan which has been put forth by other good companies but have not yet decided to change our present practice, which is somewhat as follows: We insist that each application which involves a change of insurance in this or any other company be accompanied by full and complete information regarding the desires of the policyholder and we require that information be given us as to the inception of the idea of the change—whether it was by the insured himself or whether the agent suggested the change. We then study each case on its individual merits, endeavoring to decide whether or not it is to the interest of the insured to make the change suggested.

If another plan appears to be more advantageous to the insured than the one submitted, we go back to the agency, suggesting a revision of the plan and endeavoring in every way we can to demonstrate to the insured what we believe is for his best interest. If we are unsuccessful in this endeavor, we then act on the application on its merits and after the application is approved and the policy is ready for issue, we determine according to the merits of each case what commissions, if any, will be paid on the replacement.

As a general guide to our practice, we would state that where the loan is approaching the maximum of the reserve and where the initiation of the idea apparently comes from the insured, we are inclined to be liberal in the payment of commissions, both first and renewal, though it would be very difficult to set down on paper a hard and fast rule.

If there is a sufficient part of the reserve left available, we endeavor to suggest a new plan whereby the original date of the policy may be retained and a new contract free of loan be issued on some cheaper form.

General Practice Followed by Company Is Outlined

We have given careful thought to the replacement of mortgaged business at the attained age for the net amount at risk, a plan which the Mutual Life has recently inaugurated and which several companies are following. So far, we do not believe that this plan is the answer to the problem. In the great majority of cases where a change appears to be desirable due to the financial situation of the insured, the rewriting for the net amount at risk does not in our judgment cover the essentials in the conserving of the business. If such a case comes to us where this plan would appear to be to the best interest of the insured, we are prepared to follow it, but as stated before, we endeavor to judge each case on its individual merits.

Answering the last query in your letter, "Do you accept business from your

against intestacy by executing the above form. He said it will hold in law even in case there are children.

The Hintzpter agency held a picnic Sept. 24, there being baseball games, many running events, horseshoe pitching, etc.

agents where they have written policies lapsed in other companies because of loans?" we would state that when such a case comes in we immediately get in touch with the other company, giving them the facts regarding our application and giving them an opportunity to hold their business if they can. We wait a reasonable length of time, pending an effort by the other company to conserve its business, and if and when we are advised that their efforts have been fruitless, we then proceed to consider the case on its merits and, if acceptable, issue the same.

The problem of conservation is becoming an increasingly difficult one, not only on intercompany business but on intracompany business, due to the fact that many people have held their life insurance contracts as a last line of retrenchment, so to speak, and they are now beginning to come in for surrender of these contracts where there are small or no loans on the policies.

We have had a large number of cases recently which would come under this category, and in most of the cases the statement was made that the reserve on the contracts was needed for living expenses or to help the insured get a fresh start in business. This type of case is much more difficult to handle than the cases on which there are large or maximum loans, and again we can only say that we endeavor, after ascertaining all the information, to handle each on its individual merits.

We have one very definite plan in mind and that is to conserve our existing policies, if that is possible and, failing in that, we endeavor to hold the policyholder on some form of insurance, for the writer feels that this is one of the biggest problems facing the institution of life insurance today, and we hope that the NATIONAL UNDERWRITER COMPANY will, as it so frequently does, endeavor to assist in every way in its power in the handling of this major problem.

Leaves Solution Largely in Hands of Field Force

A well known New England company says:

We have left this matter pretty much up to our agency force, and endeavored to point out to them their interest in the matter, which, I believe, they appreciate. We have so far treated the matter of commissions largely on the recommendation of the general agent, as we believe that he has knowledge of the work that has been done in endeavoring to save any particular case and can, in most instances, better advise what should be paid.

We have, of course, done everything possible to discourage the discontinuance of insurance, and we do not accept from our agents or anyone else business of other companies that is being replaced with or without loans.

The whole matter is a very difficult one, and we are giving it consideration all the time. I cannot say, however, that we have arrived at any definite rule that would apply to every case, nor do I believe that any such code could adequately cover the situation.

To Observe 57th Anniversary

NEWARK, Oct. 6.—The Prudential will celebrate its 57th anniversary Oct. 13 with an informal luncheon at the home office to which many prominent business and professional men of northern New Jersey have been invited. These luncheons have become an annual custom with the company since the pronounced success of the first one, given on the occasion of the Prudential's 50th anniversary.

Conservation Work Classed as Increasingly Important

PUBLIC NEEDS ENLIGHTENING

Seneca Gamble of the Volunteer State Life Stresses Need of Cutting Down Lapses

Seneca M. Gamble of Chattanooga, assistant agency manager of the Volunteer State Life, in his talk before the Insurance Advertising Conference in New York on "Conservation" said that it is the keystone in the arch of successful life underwriting. Life insurance has felt the blow of the period of deflation. Lapsation was prevalent in times of prosperity but it has grown far worse in recent years. The public should know more about the solidity of life insurance, he contended, and should be told that it includes no element of speculation. It simply gives guarantees which are not violated.

Believes in Telling the Story

He believes in cooperative institutional advertising. Cooperative advertising in insurance papers would teach field representatives in order that they may educate the public. In advertising for agents, Mr. Gamble said companies should emphasize the fact that they want those who will produce the kind of business which they can keep in force. The agents determine in a large measure business persistency. He said the Volunteer State is striving to avoid turnover in agency personnel. He said that he is a great believer in the right kind of premium notice enclosures. They should be of a dramatic nature and impressive. He said that policyholders should be remembered at times other than premium due dates.

Abnormal Demand for Loans

Speaking of policy loans, Mr. Gamble said that the sharp reduction of income prevents companies from investing in securities which represent economic progress. Continued policy loans of an abnormal nature lead to enforced sale of securities to produce cash with which to pay death claims and other obligations. He said much good can be accomplished by inviting policyholders to repay their loans.

While it has not been adopted as a general practice, Mr. Gamble believes the time will come when the beneficiary will be included in conservation activities. This could be done in an impersonal way, not alone through general advertising but by mailing information about the benefits which life insurance affords dependents. Life insurance, he said, should be living insurance and it should be so appreciated.

Loans Made by R. F. C. to 79 Insurance Companies

WASHINGTON, D. C., Oct. 6.—A total of 94 loans, aggregating \$71,822,700 have been authorized to 79 insurance companies by the Reconstruction Finance Corporation since it began operations Feb. 2, it is announced. Applications for loans have been received from 121 insurance companies, it was revealed, four applications being received in February, 26 each in March and April, 20 each May and June, 11 in July and 14 in August. The distribution of insurance company loans by states includes 13 in Iowa, 10 in Illinois, seven each in Indiana, New York and Texas; six in Missouri, five in New Jersey, four each in Alabama, Michigan and North Carolina, three each in Kansas and Nebraska, two each in Arkansas, Maryland, Ohio, Oklahoma, Pennsylvania and Tennessee, and one each in Colorado, Kentucky, Louisiana, Minnesota, Mississippi, North Dakota, South Carolina, South Dakota and West Virginia.

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Expense Limit Is Cause of Concern

Companies Cut Acquisition Costs Wherever Possible to Meet Maximum

DEPARTMENT DISCRETION

Superintendent May Call for Statement What Is Being Done to Correct Situation

NEW YORK, Oct. 6.—Because of shrinkages in new business and in insurance in force, a number of life companies doing business in this state are finding it necessary to cut acquisition costs wherever possible in order to bring their expenses for the year within the limits prescribed by Section 97 of the New York insurance law.

A few exceeded the permissible maximum ratio in 1931 and there are practically certain to be more this year, although it is reported that at least one of those which was over the mark last year has cut its costs so as to be within the limit for 1932. Each year, however, stands by itself, the excess of one year not being carried over into the next.

Provision Not Inflexible

The insurance department is permitted discretion in dealing with cases where expense ratio has exceeded the specified percentage. As in the valuation of securities, a literal following of the statute might produce needless embarrassment for companies which are entirely sound. Obviously the department would not bar well managed companies from the state because of a technical violation arising solely from the extraordinary state of general business in the last three years.

However, it is understood that companies whose 1932 statements show they have exceeded the statutory percentage will be asked to show just what they are doing to bring their acquisition costs into line with the limits imposed by section 97.

Some expense items covered by section 97, such as commissions, vary in direct ratio to business paid for, and therefore present no particular problem in this direction. Others, however, are difficult or practically impossible to adjust to currently lessened production.

Law Three Years Old

Section 97, enacted in 1929 to impose more specific limitations on acquisition and other expenses, covers both new and renewal business, for in case the renewal expense exceeds a specified amount calculated principally on volume of renewal premiums and insurance in force, the excess is charged against the first year expense allowance.

Beside first year commission the main items of acquisition expense covered by section 97 are net advances to agents, compensation other than commissions, salaries to members of the home office personnel spending more than one-third of their time in field work, 60 percent of expenditures for advertising and circulars, and whatever renewal expense exceeds the ratio specified for it.

Presents Difficult Problem

The situation puts executives in a "tough spot" if their companies are close to the limit. With business hard to get and to keep in force, it would be highly desirable to increase rather than curtail most of the foregoing list of expenses. In addition there are items of expense, such as agency quarters leased

Pertinent Data Is Presented on Home Office Management

TORONTO, Oct. 6.—Pertinent facts regarding home office management were brought out in the meeting of that section at the American Life Convention here today with J. H. Domelle, secretary Canada Life, presiding.

Adolph A. Rydgren, president Continental American Life, explained the value of budget control. He said that life insurance has not altogether escaped from the devastating influence of the present extraordinary economic crisis and dividends have been reduced due to investment losses, decreased interest earnings and increased mortality. He deplored the fact that the cost of life insurance is thus being increased when the price of everything else is going down. Although the situation is unavoidable, it does impose on life insurance companies the obligation to make the most drastic possible reductions in expenses and the most efficient tool to accomplish this is provided by budget control.

Improve Employees' Work

James B. Slimmon, secretary Aetna Life, gave a highly interesting paper on "Selection and Classification of Home Office Employees" in a general session Thursday. It was a graphic account of the highly developed system of employees' mentality tests, classification and rating instituted in 1925. He said the system is no longer an experiment, but definite, measurable economies have been effected over a period of years and office officers feel sure the quality and quantity of the individual employee's work has been improved.

Prevents Unnecessary Expenditures

Under present day conditions it is very important that all unnecessary expenditures be prevented, Edward G. Brown, vice-president and actuary Southwestern Life of Dallas, stated in his talk on "Auditing" in the management meeting. This can be obtained only by centralization of authority in regard to expenditure.

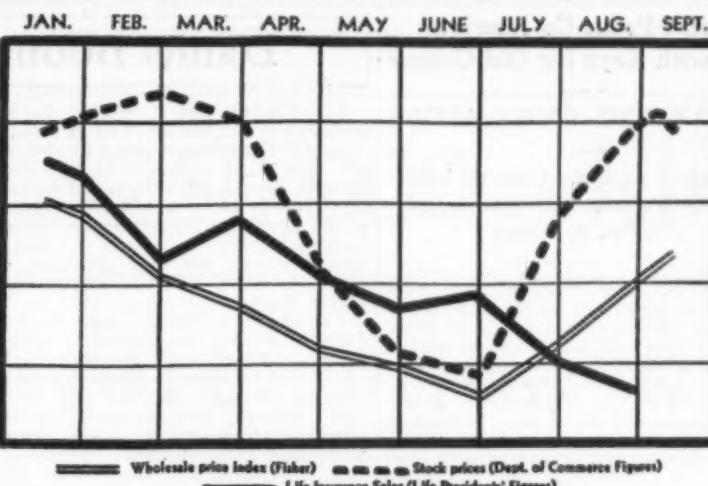
Price is not always the criterion of economy, he said; the desired end is quality at the best price obtainable. Careful attention to fundamentals will bring a two-fold reward of economy and satisfaction.

"Insurance Engineer" Cited

Cited to appear to explain to the Nebraska insurance department his activities as an insurance engineer, following a complaint filed by the executive committee of the Lincoln Life Underwriters Association, A. C. Adams of Lincoln has agreed to submit his plan of operations to the department. He said he was not working as an agent, having no license, but advising clients as to how they might change their insurance to secure larger coverage for their premium payments. He denied that he had advised switching policies, and said he had uniformly advised clients to deal in each case with the company issuing the policy.

with the idea of a scale of production that would have been a routine matter under ordinary business conditions, but which it has naturally been impossible to maintain under present conditions.

Items of expense such as these it is difficult to cut down. Other expenses are more necessary than ever, such as the supervisory work of home office officials in keeping agencies up in their production. Such work is more urgent now than it was when business volume was greater. Conservation work adds to renewal expense, yet many feel that more should be spent on keeping business in force than is now the case.



When the UPTURN Comes in Life Insurance

When the public lost faith in the stock market NWNL was ready with investment forms of policies to take advantage of the public's unusual interest in safety. NWNL agents had in their kits the best and most complete methods of presenting life insurance as the best depository for savings. The Company's record proves that these helps have been effective.

While, no doubt, the value of life insurance as an investment has been so thoroughly impressed on the public that policies emphasizing the investment feature will continue to be much in demand, there are few who do not realize that, as always, with the return of confidence the public's interest in securities will increase steadily.

There is already evidence that the upturn has come in commodity and security prices. Late in June the seemingly endless sinking of the price indexes stopped. Since then, as shown in the chart above, the trend has been persistently upward.

The curve of new life insurance sales has not yet turned upward, but when it does, NWNL anticipates that it will be marked by the increased sale of life insurance for the primary purpose of protection. For this its agents will be well equipped. As much protection as possible for as little money as possible, will be the demand of life insurance purchasers. They will not be disappointed in the offering of NWNL agents.

SOME NWNL LOW COST POLICIES

(Figures for Policies Issued at Age 35)

Kind	Minimum Amount	Annual Premium Per \$1000
Whole Life Preferred Risk.....	\$10,000	\$22.91
20 year surrendered net annual cost per \$1,000, -	\$0.15	
20 Payment Life Preferred Risk....	\$5,000	\$32.03
20 year surrendered net annual profit per \$1,000, -	\$6.55	

The
Doorway



to Opportunity

47th Year

NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY

O. J. ARNOLD, PRESIDENT

STRONG - Minneapolis, Minn. - LIBERAL

Appoint Preus Co-Receiver with Keys for Old Colony

SETTLE NEW COURT ACTION

Attorney S. A. Ettelson Charges Illinois Law Unconstitutional—Reinsurance Offers Are Made

J. A. O. Preus was appointed co-receiver by agreement for the Old Colony Life of Chicago, to assist A. S. Keys, Illinois insurance department liquidator, by Judge William Brothers this week. Mr. Preus is vice-president of W. A. Alexander & Co., Chicago, and a former governor of Minnesota. The action grew out of a new attempt by President B. R. Nueske and his associates to overturn the receivership and liquidation previously ordered by Judge Brothers.

S. A. Ettelson, former Chicago corporation counsel, represented the Old Colony. He vigorously attacked the constitutionality of the 1929 legislative act empowering the director of trade and commerce to appoint receivers for insurance companies. He claimed that the appointment of a receiver was the duty of the judicial department and could not be legally performed by an administrative department of government. He said Judge Brothers should appoint the receiver rather than the director of trade and commerce.

Mr. Ettelson objected to Mr. Keys as receiver on the ground that he is a resident of Springfield, Ill., while the Old Colony is a Chicago company. He also claimed that Mr. Keys was preparing to sacrifice the Old Colony's assets in order to secure prompt liquidation.

Will Not Remove Keys

In reply to Mr. Ettelson, Judge Brothers said that even if the law was held unconstitutional, which would leave him in position to appoint the receiver, he would not remove Mr. Keys.

In order to facilitate the handling of the Old Colony's affairs and minimize legal expense, Judge Brothers suggested that he appoint a Chicago resident co-receiver with Mr. Keys' approval, providing the Old Colony Life interests withdrew their petition to modify the original order. All interests agreed to this and Mr. Preus was named. However, Mr. Ettelson later said he will press the unconstitutionality charge upon which Judge Brothers will enter an order later.

At the hearing last week the Old Colony Life interests sought to have Mr. Keys receive premiums and apply them against expenses of operation of the company, which includes the management of the office building. However, Mr. Keys objected and said that if he did receive premiums they should be deposited in a trust fund awaiting reinsurance or liquidation. Mr. Keys stated the company was in very bad shape and he would ask to be removed as receiver if he was instructed to operate the company. The court agreed with Mr. Keys and instructed him to impound the premium awaiting developments.

Mr. Keys stated out of court that he had investigated a number of reinsurance offers and that he had one bona fide offer with a certified check which was withdrawn when the new action to modify the receivership order was brought. He said it was very imperative that the legal obstructions be removed as soon as possible so that reinsurance plans could be considered.

Joins Columbian National

Louis Foster, formerly supervisor of agencies of the United States Life, has been appointed district manager of the Columbian National Life and will be located for the present at 60 John street, New York City. Prior to his connection with the United States Life, Mr. Foster was a field assistant with the Travelers in New York and an assistant branch manager at various points.

Daniel Boone Recrudescent

TORONTO, Oct. 6.—Daniel Boone, president of the Midland Life of Kansas City, was elected president of the American Life Convention at its business meeting Wednesday evening. He comes from pioneer blood and is a descendant of the great Daniel Boone, most famous back-woodsman of early America. Daniel Boone, the new president, is fourth in direct line from the greatest Daniel Boone.

Two brothers, Daniel Boone, Sr., and John T. Boone, were pioneers in life insurance west of the Mississippi. In about 1873 John Boone entered the business as an agent for the New York Life. He was very successful in this strange venture and his brother, Daniel, who was a clerk in a bank at Jefferson City, Mo., decided to cast his lot with the company. He entered a partnership with John T. and continued in that association for more than 30 years. The two brothers made most of their sales among the cattle men of the plains country of Kansas, Oklahoma, Texas and the mountainous mining districts of Colorado, Arizona, New Mexico and Utah. For a number of years they followed personal production but finally they were given a general agency contract with the New York Life. In the early '90s their general agency was producing in excess of \$20,000,000 of new business a year.

Became Inspectors of Agents

When the New York Life changed from the general agency to branch office management plan, both John T. and Daniel accepted positions as inspector of agencies. John had a roving commission, serving at large, but Daniel concentrated his work among the agencies in the eastern department.

The Armstrong investigation brought a new era in life insurance. The Boones saw an opportunity for the organization of new companies in the great open spaces. In 1909 Daniel Boone, Sr., organized the Midland Life of Kansas City and was its president until his death in 1920, when his son, Daniel Boone, Jr., the present chief executive, was elected as his successor.

John Boone was one of the organizers

Putnam Discovers Agent That Surpasses Standard

H. H. Putnam, director of publicity of the John Hancock Mutual Life, in endeavoring to get some advertising material, was trying to establish a standard for the modern life agent. He got up what he thought was a standard and then he learned from General Agent C. A. Macauley of Detroit that he had an agent that he had taken on that went far beyond the standard set in the description of the advertisement. He is Col. Walter C. Cole of the air reserve, who is president of the Reserve Officers Association of the United States. He is a young man that has made a success in other fields but as opportunities diminished because of slackness in business he enters a new field and decides he will try life insurance. Colonel Cole is making a success at writing business. Publicity Director Putnam in commenting on the incident said:

"A lot of men of this type ought to be in the life insurance field. I think the depression and the demands of the future are going to tend materially to tone up the men in the field representing the companies. The average life insurance man grades high when compared with men in other lines of business, but that does not alter the fact that there is a great deal of room for improvement. With the life insurance business standing before the public as it does today, and occupying the position that it does, it is naturally going to send out a moose call for men of high attainments."

of the North American Life at Newark, N. J. Successively thereafter he assisted in organizing the Southland Life of Dallas, Pan-American Life of New Orleans and Shenandoah Life of Roanoke. He died in 1915.

Identified with John T. and Daniel in their New York Life days were their two brothers, Wade H. and Howard C. Boone. Prior to his death Howard C. organized the Central States Life of St. Louis. Two of the other sons of Daniel Boone, Sr., entered life insurance. William L. was successively with the New York Life and Midland Life. Harry T. became an agent of the New York Life in 1903, and later was made an agency instructor at Sherman, Tex. In 1909 he associated himself with his uncle, John T., in the organization of the Pan-American Life. He accepted the general agency for central and South America, opening headquarters at Panama in the Canal Zone. He is now the head of the largest agency in that territory.

Daniel Boone, Jr., spent his early boyhood in St. Louis. He entered the service of the New York Life as an office boy for the St. Louis branch in 1898 and later became a clerk. In 1901 he became a salesman and continued in field work until 1905 when he was appointed agency instructor at Cairo, Ill., and later agency director at Terre Haute, Ind. In 1908 he served as manager for the Columbian National Life at Kansas City. He became associated with his father in the formation of the Midland Life. It started business Aug. 2, 1909. Daniel Boone, Jr., was the first secretary and successively vice-president, vice-president and agency manager and then president. He has been a member of the executive committee of the American Life Convention for three years.

Two sons of John T. Boone, John T. Boone, Jr., and Wade H., two sons of Hamp Boone, William C. and Walker, and one son of Howard, Ewing C., entered the life insurance field with their fathers and spent their lifetime in the business. Ewing C. was killed in the world war.

Nebraska Ruling on Trading Stamps Is Upheld by Court

LINCOLN, NEB., Oct. 6.—The ruling of Commissioner Herdman that the use of trading stamps in connection with the sale of life insurance is a form of rebating and forbidden by law has been upheld by District Judge Broady, one of the codifiers of the present insurance code. The matter came before the court on the appeal of George Teten from cancellation of his license to sell life insurance by the department on the ground that he had been using "life insurance savings stamps" as an inducement to buy policies he was selling. The real issue was whether the plan was so modeled and operated as to escape the anti-rebating section. A separate corporation from the life insurance company sold the stamps to merchants, who passed them on to customers. These latter could get the money from the stamp issuing company, and apply on life insurance premiums. The defense was that there was no rebating, since in the windup the life company was paid its full premium.

The court holds that the use of such stamps constitutes a violation of the law in spirit and purpose and that as Teten was a participant in the advantage attached to their use, his license was properly cancelled.

Buffalo C. L. U. Chapter Elects

The Buffalo (N. Y.) C. L. U. chapter has chosen Maurice S. Tabor as president; B. F. Knapp, vice-president, and W. F. Marquet, secretary-treasurer.

Industrial Lapse Ratio Is Much Higher Than Usual

NUMBER RACKET HAS EFFECT

Many Drop Their Insurance Because of Their Penchant for This Form of Gambling

PHILADELPHIA, Oct. 6.—The lapse ratio in industrial life insurance today is the highest in the history of the business, according to officials of Philadelphia companies writing the class.

And the number racket, so prevalent in New York and Philadelphia, is held by many agents as largely responsible together with the depression.

The number racket is one where people play anywhere from 5 cents a day up on a certain number. The racketeers pay off either on the last three numbers of the day's clearing house report or the last three figures in the total of the winnings of three races at one of the race tracks. In the two leading cities in the east thousands of dollars are wagered each day.

Statement by an Official

An official of one of the companies made this statement:

"Agents of the company have been complaining among themselves of the number racket. They declare that many of their policyholders are playing as high as \$1 a day and that as a result have been forced to lapse their life insurance. These men have been afraid to file formal complaint or to cite specific instances because they are afraid of being shot and killed by gangsters."

A check of industrial offices and companies in Philadelphia revealed that every one is reporting the highest lapse ratio ever experienced. Only one said that the number racket was responsible. The others declared that they had made no check but that they would not be surprised if playing the numbers had not been responsible to a great extent.

Mathus Tells How to Cut Publicity Department Cost

K. H. Mathus, editor of publications for the Connecticut Mutual, in his address before the life group of the Insurance Advertising Conference in New York, gave practical advice on how to cut costs in the publicity department. He suggested having fewer pieces of sales literature, running less reprints of old pamphlets, using different colored inks and stock for subsequent runs, doubling up by reprinting house organ page as a pamphlet.

Suggestions for Improvement

Mr. Mathus suggested using utilitarian rather than souvenir style of convention program, preventing waste of sales literature in agencies, printing larger first runs to make frequent reprints unnecessary, using offset rather than letter press printing for large runs or where many plates will be required.

Other suggestions were to mimeograph rather than multigraph, contract for drawings on a regular monthly basis, standardize size and technique of art work to permit of double or subsequent use, secure special engraving discount by arranging to give all work to one firm.

Still other suggestions were to secure guaranteed bids from printers to protect against charges for author's changes, omit special issues of the house organ, mass small photos on a full page rather than reproduce each photo individually, keep the house organ exchange list down to a minimum, stagger schedule for trade journal advertising, cut out all unnecessary subscriptions and services, save on postage where possible, and charge agent's cost price where funds will not permit of free distribution.

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Golf Chairman



JAMES FAIRLIE, Springfield, Ill.
Vice-President Abraham Lincoln Life

James Fairlie of Springfield, Ill., acted as golf chairman at the American Life Convention tournament held at Toronto Monday and Tuesday of this week. Mr. Fairlie was formerly actuary of the Illinois insurance department.

Van Schaick to Talk at Joint Meeting in Dallas

OKLAHOMA CITY, Oct. 6.—Superintendent George S. Van Schaick of New York will be the principal speaker at the joint Kiwanis-Chamber of Commerce luncheon at Dallas Oct. 18 during the meeting of the National Convention of Insurance Commissioners. Over 600 business men of Dallas expect to attend, in addition to the insurance fraternity. Railroads have granted fare and a half for the round trip on the certificate plan. Certificates are being mailed this week.

Recht & Kutter Celebrate

The Recht & Kutter New York City agency of the Northwestern Mutual Life held an agency dinner Tuesday night in celebration of the fine record made by its 71 producers in September. The agency paid for \$1,263,100 during the month and wrote \$4,697,900. The latter figure is believed to be a company record for written business, and included a total of 371 lives. Nearly \$4,000,000 of this was done in the last two weeks of the month, as applications up to Sept. 14 amounted to less than \$1,000,000. On paid-for business the agency is now over its quota for the year by approximately \$1,000,000.

C. H. Parsons and R. P. Thierbach, superintendent and assistant superintendent, respectively, of the Northwestern's agencies, spoke in praise of the agency's record. Messrs. Recht and Kutter also paid high tribute to the zeal of their associates.

Mr. Thierbach warned against believing too implicitly that the depression has cured people of get-rich-quick ideas. "One of the most remarkable traits of the average American is his ability to forget," he declared. "Let us not be completely fooled by what men are now saying. Gear yourself to the times."

E. R. Glauber led the agency for the month for paid-for business with \$182,000, and for written, with \$457,000. Fred Katz submitted the greatest number of applications, 18%.

Former Commissioner Dead

Burton Mansfield, former Connecticut insurance commissioner, president of the

Connecticut Savings bank of New Haven, and a director of the Pilot Reinsurance, died Tuesday in New Haven. Mr. Mansfield was born in Hamden, Conn., in 1856 and was graduated from the Sheffield Scientific School of Yale and the Yale Law School. He served as insurance commissioner in 1895-97 and 1911-1923, acting as president of the National Convention of Insurance Commissioners for the year 1915-16.

Examiners' Association to Be Represented at Meeting

A committee from the state insurance departments' examiners' association has been invited by the Insurance Commissioners Convention to meet with the executive committee at Dallas, Oct. 18. The committee consists of Lawrence Rouble and Ray Meyer of the California department; Les Arrington of the Tennessee department, and Richard D. Chapman of the Illinois department.

The examiners are now perfecting their organization. Embraced in their association are the actuaries and those having to do with examining of companies. They hope to secure the cooperation of the commissioners and work in conjunction with their organization.

Canada Life Advertisers Meet

The Life Insurance Advertisers' Association of Canada met at the offices of the Mutual Life of Canada in Waterloo last week. William Wallace, Confederation Life, was chairman. Among the speakers were Ford S. Kump, president and managing director Dominion Life; W. H. Somerville, general manager Mutual Life of Canada; A. E. Pequegnat, secretary Mutual Life of Canada, and several advertising agency representatives.

Home Loan Bank Stock Barred

MADISON, WIS., Oct. 6.—The attorney general holds that a Wisconsin statute enacted in 1931 authorizes building and loan associations to subscribe to the stock of a federal home loan bank, but that Wisconsin insurance companies are not authorized to subscribe to such stocks.

Had No Policies Lapse

Three conservation aces of the Lincoln National Life have come through so far this year with a perfect record of conservation. They are Clyde Chaddick of San Antonio, Tex.; F. T. Freeman of Detroit, and W. S. O'Rourke, Jr. of Fort Wayne, Ind. All report no lapses. In addition to their record of conservation, each man has a sizable volume of business exposed to lapse.

Gets Cash Value Checks and Sends Them All Back

INDIANAPOLIS, Oct. 6.—For several months the Indiana department office has had its full quota of frightened life policyholders. Recently John Cramer, deputy commissioner, was faced with a man who had four good sized policies in standard companies. He demanded to know if the policies were any good. Mr. Cramer suggested that it would not cost much to find out for himself and told him merely to write the companies and request checks for the full cash surrender value of the policies.

Last week the same man showed up at the office and said: "I guess, Cramer, you think I am awfully dumb." On being assured there was no thought of the kind, he continued: "I did as you suggested, and, darn it, in a week or so I got four checks for those policies. When the agents delivered them they tried to sell me more insurance and take these checks for the premiums. I sent all the checks back and I expect the companies think I am really crazy."

2,250,000 visits

were made by

Metropolitan

visiting nurses

in 1931 as part

of its free

nursing

service to

policyholders

METROPOLITAN LIFE
INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT ONE MADISON AVE., NEW YORK, N.Y.

Mortgaged Life Insurance

The new booklet, "Mortgaged Life Insurance," just published by the "Diamond Life Bulletins" under the joint authorship of Abner Thorp, Jr., and A. R. Jaqua, editors, says that there are four general principles to be considered before lapsing or surrendering a policy. These are:

1. Don't drop the policy if you are uninsurable.
2. Don't drop your policy if it has the old, 90-day, \$10 per \$1,000 disability income clause.
3. Don't drop your policy if you have less than the maximum loan.
4. Don't drop your policy if you can repay the loan.

Each of these four principles is explained by applying them to three different types of buyers:

Three Different Types

John Jones, the small buyer who has borrowed to the limit on his policies,

Henry Brown, the medium buyer whose wages have been cut and who has borrowed on some of his life insurance, and

Byron Washburn, who has ample funds and plenty of unmortgaged life insurance but who has been approached by a "twister."

So far as is known, this booklet is the first publication to give definite figures and lay down definite rules on one of the most important problems in life insurance today. It is expected that several hundred thousand copies of the booklet will be mailed by companies and agents to policyholders. It is hoped by the authors that such mailings will result in hundreds of thousands of dollars in renewal commissions on policies which otherwise might be lapsed.

Just as "Depression-Proof," issued some months ago by the "Diamond Life Bulletins," settled once and for all the

question of safety of life companies, so it is expected that this booklet, "Mortgaged Life Insurance," will settle for both policyholders and agents the question of whether or not it is wise to continue an old mortgaged policy.

One of the interesting pages in the booklet is an analysis of just what life insurance premiums buy. A \$10,000 non-participating, ordinary life policy is used for illustration and it is assumed that the policy is 10 years old and has no loan against it. Total premiums for the next 10 years will amount to \$1,915; total increase in cash value the next 10 years will be \$1,540. That leaves a net cost of \$375 or \$37.50 per year. Just what does this \$37.50 a year buy?

"It buys," says "Mortgaged Life Insurance":

1. \$10,000 for the family in case of death
2. \$100 a month disability income if disabled
3. \$191.50 a year in waiver of premium if disabled
4. Money management of increasing cash reserves with both principal and interest guaranteed by the entire assets of the company.

Can Be Readily Mailed

A number of agents have said that such a "premium break-down" as this has saved many a policy and has also sold many a policy.

"Mortgaged Life Insurance" has been printed on Bible paper so that, although it contains 42 pages, it can be mailed, with an accompanying letter, for 3c first class or 1½c third class. The size of the booklet is 3½ x 5½ inches, and is priced by the "Diamond Life Bulletins," 420 East Fourth St., Cincinnati, at eight copies for \$1 for a sample order, down to 9½c each in lots of 500 with the agent's name, title, company and address imprinted free in lots of 500 or more.

Child Policies Sacrificed for Insurance of Adults

NEW YORK, Oct. 6.—The industrial companies are finding it possible to stem the flow of lapsation relatively to a greater extent than the ordinary companies because of the fact that in many families there is a multiplicity of industrial policies.

When a family becomes distressed and is considering the dropping of insurance, the industrial salesmen are very often able to work out a program for the salvaging of most of the family's insurance. Usually, the suggestion is made that the juvenile policies be surrendered and that whatever cash value there may be in those policies be applied to the adult policies, so that the most important insurance may be maintained without immediate additional outlay. Thus, much business is kept on the books which otherwise might disappear. This is probably one factor which explains why the industrial companies are making a relatively better showing in production and insurance in force than the ordinary companies this year.

Rely on Local Speakers

PHILADELPHIA, Oct. 6.—A decided departure in the nature of programs is being planned by the Life Managers Association here for the coming season. In former years, the association had prominent managers and general agents address the meetings. It also tried the school plan conducted by the Life Insurance Sales Research Bureau. But this year it is planned to turn each meeting over to either one local manager or a group of managers. Each meeting will be devoted to discussion of some problem of interest to the entire group and to methods of solving the problems.

To Trade: Mortgages for Annuities—No Takers Found

Life companies are being approached these days by owners of mortgages, who would like to exchange their holdings for annuities or for high investment forms of life insurance. For instance, in Chicago this week a number of general agencies have been approached by a man who has \$700,000 of first mortgages. He wants to buy a \$150,000 annuity and offers to let the insurance company select that amount from his mortgage holdings.

Practically all companies have an iron clad policy against mixing mortgage loans and insurance. The Equitable Life of New York has a home loan plan, whereby the mortgage and the amount of the insurance to cover the mortgage is funded, and the home owner-policyholder pays a stipulated amount each month until the mortgage indebtedness is liquidated. But the mortgages are only slightly more liberal than what regular mortgage houses would give and severe appraisals are made.

One small and irresponsible company has been offering to take in mortgages in payment of premiums, but this is not a significant development as the company is one that seeks to exist by adopting all sorts of schemes.

Ruling on Total Disability

Disability is not total where the insured under a disability clause in a life policy and an accident policy was able to perform any and every duty pertaining to his occupation, except that he could not climb scaffolds and ladders, and the duties of his occupation as described by him in his application, consisted of "office, estimating and supervision duties only." However, under

the partial benefit clause the assured was entitled to the benefits for partial disability, if his injuries contributed to such partial disability, even though such partial disability was also due in part to arthritis. Where the clause covers only continuous total disability the assured could not recover from a second total disability recurring from the necessity of a second operation. Under the clause and other terms of the policy the presumption of permanent disability was conclusive after three months. Dietlin vs. Missouri State Life, Calif. Dist. Ct. of Appeals. 1st Appellate Dist.

Revolving Fund Is Sought to Aid Indiana Department

INDIANAPOLIS, Oct. 6.—A bill will be introduced in the coming session of the Indiana legislature to provide a revolving fund for the insurance department. Such a bill was sought at the last special session, but one representative would not permit it to be considered because it did not bear directly on tax reduction, the purpose for which the special session was called.

According to John Cramer, deputy commissioner, a revolving fund of about \$20,000 is needed to carry the department from the first of the year until the companies begin paying in their fees. The fees would be paid into the department instead of to the state general fund and all over \$20,000 would be turned from the department into the general fund. Mr. Cramer states that under present arrangements, with curtailed budgets in effect, the department will be unable to operate more than six months of next year unless the legislature takes some action. The public service commission and the banking department already have such funds, and much larger, so there is no new precedent involved.

Another bill to be introduced would legalize the buying of stock in home loan land banks by life companies domiciled or operating in Indiana. The present law states specifically just what investments may be made by these companies and since the stock of home loan banks is new, special legislation will have to be enacted to permit the companies to buy it.

McAlister in Charge

Following the death of Charles W. Gold, president of the Pilot Life of Greensboro, N. C., who was killed in a hunting accident two weeks ago, A. W. McAlister, chairman of the board and former president of the company, has been placed in active charge of its affairs by the executive committee and will continue in that capacity until the annual meeting in February, when a permanent president will be selected.

Dr. Shepherd Dies

Dr. E. M. Shepherd, medical director for past ten years of Life & Casualty of Nashville, died Friday night following an operation. He became associated with the Life & Casualty in 1920 as an assistant in the medical department, being promoted two years later to medical director. He was active in the work of the Medical Section of the American Life Convention and was recognized as an authority on writing sub-standard risks.

Kapherr Joins Indianapolis Firm

Gale & Walker, insurance advertising specialists, 309 West Washington street, Indianapolis, announce that Herman W. Kapherr has become a member of their organization as general manager. Mr. Kapherr has done some remarkably effective work in insurance advertising. He was formerly connected with the advertising department of THE NATIONAL UNDERWRITER and there got an insight into insurance needs from a publicity standpoint. He has conducted advertising campaigns and done sales promotional work for the last 14 years.

Says Time Is Ripe to Ask Passage of Model Mortgage Act

An interesting analysis and interpretation of the uniform real estate mortgage act adopted by the National Conference of Commissioners on Uniform State Laws was given in the general session at the American Life Convention meeting in Toronto this week by E. B. Raub, Jr., associate counsel Lafayette Life. He emphasized the importance of some such action as this in view of the economic upheaval and evolution, and of the fact that tremendous sums are invested in mortgage loans.

Element of Risk Seen

He said there is some chance for loss in investing funds in mortgage loans. The money lender has always had his trouble. Serious problems are presented by mortgage loans, such as preserving and enforcing the mortgage security. There is a great diversity of laws in various states pertaining to mortgages and foreclosures, and legislatures are constantly amending these acts. Statutory provisions and covenants in the mortgage itself for the benefit of the mortgage and foreclosure laws are of great importance.

About half the states do not permit foreclosure by sale, the main point involved in the campaign for the uniform statute. Court procedure designed to protect the borrower in event he fails to pay the loan has made it more expensive and difficult to procure a loan. Mr. Raub said in view of the current situation, and the great present demand for such loans, it is an opportune time to urge upon legislators adoption of the uniform act.

Nebraska Puts Additional Tax Burden on Companies

LINCOLN, NEB., Oct. 6.—Commissioner Herdman is billing foreign life and casualty companies operating in Nebraska for additional taxes for 1931 on gross premiums collected in the state, covering a 2 percent tax on reinsurance premiums paid other than domestic companies and also return premiums or dividends. A rough estimate shows that \$60,000 additional is asked from life companies and \$40,000 from casualty carriers.

The Nebraska law has long imposed a tax of 2 percent on gross premiums collected in the state by foreign companies, but the attorney general 20 years ago advised the commissioner that the permission given in the same statute to domestic life and casualty companies to deduct reinsurance and return premiums compelled a like deduction by all other companies, in order to comply with the constitutional requirement of equal protection under the law. Such a deduction is permitted in most states.

Now Assistant Attorney General Newkirk holds that decisions of the state and federal courts since that time justify the conclusion that a state may properly classify insurance companies as domestic and foreign, and may impose any limitation it sees fit on foreign corporations seeking the privilege of doing business in the state. He, therefore, advises the commissioner that the full taxes for 1931 have not been paid. No effort will be made to go back any farther because of the circumstances. The attorney general holds that the legislature clearly intended that gross premiums should include reinsurance and return premiums because after providing that domestic companies pay a 4-mill tax it specifically allows such deductions in their case.

The question will undoubtedly be taken into court because of the evident inequity of such a ruling.

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Macdonald Heads Financial Section

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cause so many companies have acquired land under foreclosure. There are numerous states that either through statutory or constitutional provisions have set a time limit through which real estate must be disposed of. There are some states that have no such obligations, but there are certain ones which have retaliatory laws which will be brought into play. There is a difference in time limit in a number of states when land must be disposed of.

E. B. Raub, Jr., Lafayette, Ind., associate counsel of the Lafayette Life, spoke on the uniform mortgage and foreclosure provision. The national conference on uniform state acts has drafted a uniform bill which it is endeavoring to have passed. Mr. Raub explained the provisions of this measure.

S. W. Souers, financial vice-president Missouri State Life, in a discussion on bonds stated that in his opinion bond prices will be more stable as he feels business conditions will improve. Deflation is still going on and there will be more adjustment necessary. His conclusion, however, is that the bond market is in better shape than it has been in the last few years.

A. H. Rust of Bloomington, Ill., counsel of the State Farm Life, stressed the importance of the financial department of a life company. He said the market factor has to be considered in the bond accounts of companies.

Shropshire Case Discussed

C. F. O'Donnell of Dallas, general counsel Southwestern Life, explained the litigation starting with the famous Shropshire case in his state, which involved an interpretation of the usury law of Texas. The point involved is the accelerative maturity of interest payments where anyone is in default, which causes interest earned in one year to exceed 10 percent. He blamed the mortgage brokers for getting mortgagees in an embarrassing situation, because in drawing up contracts the brokers endeavor to make it as easy as possible to get their commissions without regard to the other interests.

R. G. Smith, assistant secretary Connecticut General, could not be present on account of illness to give his paper on "Management of Foreclosed City Real Estate." It was read by V. H. Brainard, investment supervisor, American Central. Mr. Smith took the ground that there should be no rigid plan or policy in dealing with foreclosures. He thinks that real estate is subject to less fluctuation now that the market has been considerably stabilized.

Drainage District Problems

President J. A. McVoy, Central States Life, told some of the drainage district problems with particular reference to Missouri and Arkansas. Missouri has 364 drainage projects representing investments of \$46,292,782. Three-fourths of the drained land in Missouri are in defaulted districts. Farmers, he said, can not borrow on their land because the drainage district tax constitutes prior lien. The plan to meet the problem is either through government aid or the reorganization of the bond indebtedness.

Third Vice-President J. L. Madden of the Metropolitan Life has made an exhaustive survey of the drainage districts. He said there are something like 65,000 drainage enterprises in the United States. Insurance companies have loaned money on considerable of this drainage property. He spoke about the drainage tax burden as well as the high tax due to schools and counties. In many districts the tax delinquencies run from 50 percent up to 90 percent in a few.

The farmers and the bond committees feel that something should be done. The farmers want a sharp revision down-

ward permanently. The bond committees feel that it would be unfair to make a permanent readjustment downward in case farm products increase in price because the loss to the bondholders would be too great.

Study of Farm Leases

The Financial Section had appointed a committee consisting of J. R. Bowen, American Central; D. H. Doane, Central States Life, and Hudson Burr, Aetna Life, to study the question of farm leases. The committee made an exhaustive report presenting a form of farm lease. A survey was made by a department of the University of Illinois. The pamphlet gives an analysis of farm leases, discusses the farm lease problem, gives an analysis of existing grain shares and cash leases. It gives a sample of the grain lease, it gives the different kinds of leases and makes a suggestion on making farm leases.

A. O. Merriam, Franklin Life, spoke on farm sales. He said the companies are trying to avoid throwing farms on the market causing further sacrifices. He said the factor of permanency is in farm loans and asserted that productive land will always be in demand. G. C. Holmberg, treasurer Northwestern National Life, explained the mechanics of the Reconstruction Finance Corporation

and showed the process through which applications for loans must pass.

O. J. Lacy, vice-president Minnesota Mutual, explained the voluntary domestic allotment bill for farm relief before Congress. This provides direct payment to producers on the basis of allotted acreage and production representing the proportionate part of production used for domestic consumption. Mr. Lacy said the people can not expect farmers to be satisfied with merely a bare living after days of arduous toil and all sorts of discouraging conditions. Mr. Lacy is in favor of any plan that will get pre-war prices on farm products that are particularly depressed.

Sidney W. Souers, financial vice-president Missouri State Life, gave a very fine talk on "Bonds" before the Financial Section. He said there is no doubt things are on the mend in this country although some conditions still need correction. Investment offices of life companies must watch bond holdings very closely, particularly public utility groups and railroads, with an eye for any danger points in the setup and a shifting to other bonds in time. He believes both public utilities and railroads will continue to enjoy a substantial place in the economic picture. Their services are necessary to the country.

An analysis of farm leases for the

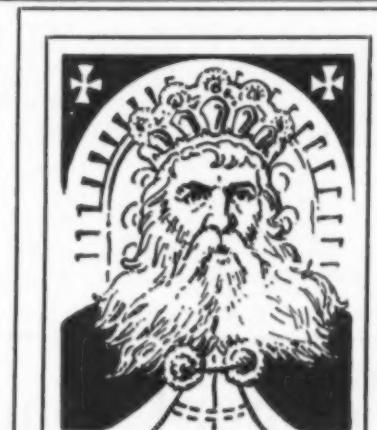
corn belt and wheat belt states, prepared by H. C. M. Case, University of Illinois, was submitted as a report of the farm lease committee of the Financial Section. He reviewed the problem presented by fluctuating values of farm products in relation to leases with stipulated terms. The recent trend has been away from cash leases, because of a tendency to be unfair to one of the two parties as a result of price variation. Either grain share-cash leases which are most common, or livestock share leases, which are rapidly growing in favor, are now being used.

The handling of foreclosed city real estate by the Connecticut General Life was explained by Graeme Smith, assistant secretary, in his talk, "Home Office Organization for Foreclosed City Real Estate." During the foreclosure proceedings the property is inspected and adequate information about it secured so that there will be no delay after the decision is rendered. An able property manager is selected and he is given possession of the property immediately after the legal title is secured in order to prevent vandalism and difficulties with tenants. A rehabilitation plan is worked out to attract tenants and prospective purchasers.

In the discussion of bonds as an investment for life companies, W. G.



Great Salesmen of History



CHARLEMAGNE

AT Rome, on Christmas Day, in the year 800 A. D., when the cloak of Augustus fell upon the shoulders of a Frank and Charlemagne felt the crown pressed upon his head, classical civilization ended, the West split with the East and a new era began in the world's history.

By sword and cross Charlemagne brought order out of chaos to a whole continent. Great as a warrior, he was even greater as an administrator and civil ruler.



And scarcely less momentous for the cause of civilization than his gift of political unity were the achievements of Charlemagne in fostering education and the arts. The coronation of Charlemagne marked the beginning of modern Europe. Rightly he flashes across the centuries as one of the immortal figures of all ages!

ROYAL UNION LIFE INSURANCE COMPANY DES MOINES, IOWA

A. C. TUCKER
Chairman of the Board

J. J. SHAMBAUGH
President

Preston, president Bankers Reserve Life of Nebraska, gave the principles involved in the valuation of municipal bonds. The attitude of governing bodies and that of neighboring municipalities toward observing moral obligations is carefully investigated as well as the total and overlapping indebtedness.

Allen E. BroSmith, attorney for the Travelers, in his address expressed belief that insurance companies have little to fear from the statutes and constitutional provisions governing the time in which a company may hold property not necessary for its business. The two states in which there seems to be some danger are Oklahoma and Kentucky, he said, where the limitation is but seven years and the property may escheat to the state after that period. In some states there is a prohibition against holding unnecessary property, but there is no penalty for violation other than the possible revocation of a company's license.

Life Ad Men Want Own Organization

(CONTINUED FROM PAGE 3)

told of the necessities for insurance, but the histories of the individual families benefited by insurance payments has not been traced in a human interest way.

Mr. Thomson said that the insurance paper not holding an A.B.C. membership is in the position of the butcher who wants to sell steak but is without a scale. Only eight insurance papers are members of the A.B.C. and Mr. Thomson said it is not fair to them to regard them as in the same class as the other papers outside the A.B.C. ranks.

At the joint annual business session attended by members of both groups, R. G. Richards, Atlantic Life, reported as chairman of the frontier safety committee; Chauncey S. S. Miller spoke as

Minneapolis and St. Paul



O. J. LACY, St. Paul



GEORGE C. HOLMBERG, Minneapolis

The traditional jealousy between St. Paul and Minneapolis, accentuated by many novel stories concerning the claims of each city, was cast aside at the American Life Convention meeting at Toronto where a distinguished citizen from each city participated in a discussion in the Financial Section on one phase of the business, viz., voluntary do-

matic allotment in the way of farm relief. O. J. Lacy, vice-president of the Minnesota Mutual Life of St. Paul, was one of the discussants and George C. Holmberg, treasurer of the Northwestern National Life of Minneapolis, the other. There was a spirit of amity displayed by these representatives of Minnesota's two great cities.

head of the committee on the pirating of names, and Henry H. Putnam, John Hancock Mutual Life, gave his report as chairman of the standards of practice committee. Nelson A. White, Provident Mutual, submitted his report as secretary, and in his treasurer's report

Charles C. Fleming, Life Insurance Company of Virginia, showed the conference to be in better financial condition than ever before.

Advantages of the intelligent use of photographs in advertising copy were displayed by F. L. Fisher, advertising manager of the Lincoln National Life.

"Use of the photograph in advertising copy has many advantages," Mr. Fisher said. "It is striking and ranks high as an attention-getter. It is flexible and can be adapted to almost any type of advertising. It can be easily secured and in most cases is less expensive than other forms of illustration. It is easy to reproduce and offers the minimum of difficulty to engravers and printers.

"Finally, the photograph has the advantage of inspiring confidence, for it is commonly accepted that the camera 'tells no lies' and the reader unconsciously recognizes that the photograph of your product is more accurate than any drawing is likely to be."

Mr. Fisher emphasized the importance of original ideas in photography. His booklet showed prosaic aspects of insurance office routine in a manner that attracted the attention and interest of the layman. He recommended the employment of a staff photographer by those advertisers whose volume was sufficient to warrant the expense.

Life Men Much in Evidence

The attendance at the life group of the Insurance Advertising Conference numbered 60, and there were more life company representatives in evidence, at all times than fire and casualty.

K. H. Mathus, Connecticut Mutual, presided over the meeting, at which J. E. D. Benedict, Metropolitan, and D. B. Slattery, Penn Mutual, gave the welcoming address. Bart Leiper, Pilot Life, spoke on "The Play's the Thing," pointing out the advantage to be had from the dramatization of certain phases of life insurance. Seneca M. Gamble, Volunteer State Life, discussed "Conserving the Business We Write."

Clifford Elvins, Imperial Life of Canada, spoke on "Efficient Departmental Organization," stressing the importance and far-reaching effect of a strong advertising department.

"Financial Independence Week" was the subject of W. B. McNeary, Equita-

ble Life of New York. Mr. McNeary advocated a week devoted to life insurance alone, instead of having merely a Life Insurance Day. In the discussion that followed, it was revealed that such a week has already been designated for the early spring, and the conference voted to cooperate.

C. S. Davis, Provident Mutual, spoke of the "Policyholders' Magazine" and described its purposes. Charles C. Fleming of the Life of Virginia gave a talk on the technique of typography, paper stock, etc., with which he is very familiar.

L. C. Cushman, Massachusetts Mutual, reported for the committee on the "Strength of Life Insurance." A standardized slogan to be used in trade journals and advertising literature was suggested, or institutional advertising to accompany individual copy might be adopted.

Conference Trophies Awarded

R. G. Richards, Atlantic Life, awarded the conference trophies to the representatives of the companies whose advertising material used during the past year was voted by those present as being most meritorious.

K. H. Mathus, Connecticut Mutual was given the silver loving cup for the general excellence of his company's material. Clifford Elvins, Imperial Life, won the conservation prize.

The life group had no scheduled program Tuesday afternoon, but devoted itself to informal round table discussions.

D. B. Slattery, Penn Mutual, Presided at the final session of the life group Wednesday morning. The speakers and their subjects were: J. P. Lyons, Manufacturers Life, "Profitable Dates from Calendars"; Paul Speicher, Insurance Research & Review Service, "Copy"; R. C. Braun, Reliance Life, "Recruiting New Agents"; K. H. Mathus, "Short Cuts to Economy in the Advertising Budget"; Robert Pierce, Aetna Life, "Field Magazines," and C. M. Biscay, Western & Southern Life.

Legal Section in Annual Meeting

(CONTINUED FROM PAGE 1)

spects and offer any assistance was the late President C. W. Gold of the Pilot Life.

The evening before Mr. Gold started on the squirrel hunt when he met his death he called on Mr. Lumpkin with some delectable liquid refreshment. Mr. Lumpkin departed from the usual custom of lawyers who needlessly read all the citations, stating with logic that they could be studied in the printed proceedings.

Committees Are Named

Chairman May appointed a committee from the Legal Section to cooperate with a similar committee of the Association of Life Insurance Counsel to work out uniform procedure in assignment forms. Now there are diverse practices which cause much confusion. The committee consists of F. W. McAllister, Kansas City Life, chairman; R. F. Baird, Lincoln National; T. J. Tyne, Sr., National Life & Accident.

The resolutions committee of the Legal Section consists of F. J. Wright, Midland Mutual, chairman; L. A. Stebbins, Central Life of Illinois; W. E. Weems, Great Southern Life. The nominating committee was C. F. O'Donnell, Southwestern Life, chairman; S. B. Sebree, Midland Life; E. M. Grossman, Central States Life.

At the Legal Section luncheon the first day the guest speaker was Charles McCrea, minister of mines in Ontario, who told of the development of mineral resources in the province.

Mr. Baird, the new chairman, has served as secretary of the section. F. V. Keesling, general counsel West Coast Life, chairman of the special committee on revision of the incontestable clause.

Vermont Background

Vermont background is good background for insurance

Vermont is a state of high rank in per capita savings . . . Vermont is the only state in the Union which had no bank failures the past two years of depression . . . Vermont is a state of steady political weather . . . of little unemployment and distress . . . a state of diversified industry . . . a state of good credit . . . a state which ended the past fiscal year with a surplus, not a deficit . . . a state which recent flood utterly failed to daunt . . . a state which never bowed to depression or to foreign yoke . . . a state which was long an independent republic . . . a state which was first to join the Union . . . a state of Ethan Allens, Stephen A. Douglasses, Admiral Dewey*, and Calvin Coolidges . . . a state of fine traditions and ideals . . . a state of Yankee thrift and conservatism . . . a state of sheltering hills, well-watered valleys . . . a state whose people and institutions have character peculiar to Vermont.

In such a state, next neighbor to the classic little granite capitol of the state, next door to this seat of good government, is the granite home of a mutual insurance company of 82 years' growth, whose character has something of the character of Vermont and which, like Vermont, enjoys high rank, fine traditions and ideals, and nation-wide esteem.

National agents are proud of the National's Vermont background.

NATIONAL LIFE INSURANCE COMPANY
MONTPELIER, VERMONT

*Dr. Julius Yemans Dewey, father of Admiral Dewey, was father of the National.

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made a report at the final session which was adopted and will be transmitted to the governing organizations.

C. G. Morgan Wynne of the taxation department of the Sun Life gave a talk on taxation, showing how companies are being pressed on every hand by governments for additional revenue. He told the Legal Section that only a moderate amount of success had been achieved in the past in the way of convincing legislators and government authorities of the lack of wisdom in putting extra burdens on insurance. He asserted that the taxes borne by insurance companies are in the final analysis borne by the policyholders.

He said it may now be advisable to ask that companies pay in taxes the legitimate minimum that can be imposed upon them. To achieve this end and further to strengthen the position of insurance, he said, the insurance people should establish more intimate discussions, with the idea of working out for each state a taxable premium income formula which will be supported by all the companies.

Policyholders Should Know

He further advised that the companies place before policyholders in no indefinite manner their responsibility in the matter of necessary taxes imposed by their state or province. The policyholders then in their judgment may consider it advisable to make representations to their legislators in order that the tax may be reduced to a minimum which will be consistent with the services that they as policyholders receive from their government.

Mr. Wynne said that taxes must be imposed and will necessarily be heavy so long as the services demanded are expensive and costly. He said that the insurance plan is not the blocking of funds that are received by the revenue authorities for the maintenance of the services demanded. The probability is, he said, that these services are necessary. The insurance companies know they must be paid for and should be paid for by those who benefit by these services. In his opinion, Mr. Wynne said, it is no less than the duty of the insurance companies as trustees of the insuring public to apply themselves diligently and thoughtfully to the task of computing the legitimate liability under the tax provisions and to see that not one dollar is paid from these funds when it is not due and payable. He said that insurance companies have another duty, and that is to bring to their policyholders the conviction that taxation as it affects insurance companies is the business of the insured.

Insurance Builds Moral Reserves

(CONTINUED FROM PAGE 4)

Life insurance inculcates and develops personal industry, Mr. Behrens said, establishes a bond of sympathy with others, and in numberless ways tends strongly to develop good citizens, good friends and good neighbors. Since so many people are policyholders the reaction upon the form of life in this country, thought and even civilization is great. "Its entire tendency," he said, "is to perpetuate that form of society which in truth is designed to accomplish the greatest good for the greatest number."

"Life insurance," Mr. Behrens pointed out, "is one of the few financial institutions which in a large measure escaped panic and fear in the depression. By reason of its policy of conservative, diversified investments, it has served as an anchor which has held in the hurricane that has passed over us. However, even if life insurance did not have the financial solidity, nevertheless its effect enters into the moral fibre of the nation and this is a factor of great value. It has created these moral reserves to a degree quite as striking as its huge

Insurance Tax Questions Arise in Missouri Cases

ST. LOUIS, Oct. 6.—Following hearings here last week before J. Russell Leech of the United States board of tax appeals, the board has taken under advisement a number of tax refund cases in which the Missouri State Life, the Central States Life, the Continental Life of Missouri and the International Life are interested.

The cases cover taxes for the years 1922 to 1929 and involve about \$300,000. Some points cover additional taxes the government is attempting to collect but the greatest amount embraces refunds.

Many questions of general insurance interest are at issue. One is the old matter of whether coupon reserves are legal reserves within the meaning of the income tax law. That matter was apparently disposed of finally in a Pennsylvania case but the internal revenue department has apparently refused to apply the court ruling to similar cases arising in other jurisdictions.

The government has also insisted that the companies should pay income taxes on the accrued interest when mortgaged property is foreclosed and such interest is included as part of the purchase price. The companies oppose this position and the same point is now before the United States court of claims in another case from another jurisdiction. The companies deny that such accrued interest should be considered as interest collected and paid and therefore income.

Another point at issue is whether interest credited on dividends of policyholders left on deposit with the company should be deducted from the income tax return when credited or not until the amount in cash is actually paid to the policyholder. The companies say that immediately the money is credited to the policyholder it is his the same as if it was paid to him. The government has insisted on the opposite interpretation of the law as applying to such interest.

financial reserves, although the latter are generally recognized as a mighty achievement.

Rules Home Loan Bank Not Legal Nebraska Investment

Commissioner Herdman of Nebraska has informed Franklin W. Fort, head of the federal home loan board, in answer to an inquiry, that Nebraska life insurance companies, savings bank and building and loan associations are specifically limited in the investments they may make of surplus funds, and that stock in the federal district loan bank at Topeka comes under the ban. Mr. Fort indicated that he would ask the legislature next winter, if the financial institutions named would join him, to include this stock as a legal investment. Mr. Herdman made no recommendations.

Vash Young Chicago Speaker

Vash Young, insurance agent, lecturer and author of "A Fortune to Share," addressed the Rotary Club of Chicago last week. A number of agents attended and were particularly struck with Mr. Young's advice to salesmen in all lines to be always in a prospect's office or on the way to see a prospect.

Oklahoma Company Changes Name

The charter of the American Standard Life of Oklahoma City has been amended, changing the name to the American Surety Life, with \$50,000 capital. Incorporators include J. W. Crawford and G. P. Crawford of Tulsa and B. J. Dorr of Oklahoma City.

"Life Insurance," by Joseph B. MacLean, associate actuary Mutual Life of New York—a standard textbook of life insurance principles and practices. Price \$4. The National Underwriter.



A Way of Living

Those who use life insurance most intelligently, depending upon settlement agreements to guarantee their families' major needs, seem to have least difficulty in paying premiums. With them life insurance is a way of living.

By promoting this way of living, we contribute to the stability of the community's economic life as well as to the upbuilding of our own business.

The Connecticut General's use of income settlements and trust agreements is so simple that they are part of the everyday routine in all the Company's agencies.

Connecticut General Life Insurance Company Hartford, Conn.

MORE AMMUNITION

for our fieldmen. The Philadelphia Life Adjustment Policy has been built to fit present day conditions.

It is a 1932 model—More Protection—Low Cost—Flexible—Permanent.

General Agents wanted in Pennsylvania, New Jersey, Ohio, Indiana and Michigan.

PHILADELPHIA LIFE INSURANCE COMPANY

111 North Broad Street
Philadelphia, Pa.

THE NATIONAL UNDERWRITER

LIFE INSURANCE EDITION

Published every Friday by THE NATIONAL UNDERWRITER COMPANY, Chicago, Cincinnati and New York. EDWARD J. WOHLGEMUTH, President; JOHN F. WOHLGEMUTH, Secretary; HOWARD J. BURRIDGE, Vice-President and General Manager; W. A. SCANLON, GEORGE C. ROEDING and O. E. SCHWARTZ, Associate Managers

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American Life Convention's Work

THIS is an important week in the annals of life insurance because the AMERICAN LIFE CONVENTION, the pioneer company organization, is holding its annual meeting in Toronto. For a long time the AMERICAN LIFE CONVENTION comprised in its membership only companies of the United States. Later on it saw that there was a community of interest among companies in regardless of from whence they came if they were operating in the same territory. The CANADA LIFE for some time was about the only Canadian company crossing the line. Then others from the Dominion entered the United States and now on the membership rolls of the AMERICAN LIFE CONVENTION are some of the sterling Canadian institutions. It is fitting, therefore, that this organization which has done so much for the business should meet in one of the enterprising and progressive cities of the great nation north.

The AMERICAN LIFE CONVENTION is a working organization. Starting Monday morning and running clear through Friday, there was scarcely a moment of respite during business hours. The organization itself, the major body, carries on an im-

portant work and its own program is of interest. But meeting in Toronto are the Legal Section, Financial Section, Agency Section, Home Office Management Section and the new baby department, the Industrial Life Section. These all have meetings with a prepared program. Then as a sort of side issue companies interested in group insurance will come together in conference.

These are days which demand courage, vision, patience, long suffering and determination. Executives go to the meetings of the AMERICAN LIFE CONVENTION largely to get practical hints whereby they may solve some problems of their own. In the conference and convention rooms there is much to be learned. In the more informal talks outside, in the conversations, probably even greater benefit is derived.

The AMERICAN LIFE CONVENTION has done much to stabilize the business, to point the way, to give assistance and to hold companies in line. It is one of the great insurance organizations of the country which has the respect and confidence of the fraternity at large.

Selection by Agents

A COMPANY executive said the other day that in the appointment of agents he would make as a requisite the type of men who would select their policyholders and business with the thought in mind that they would have to pay out their own money for claims. That is, an agent would be so careful in his selection that he would not voluntarily take undue chances on a policyholder.

This is undoubtedly a very firm foundation on which to stand. After all the best selectivity in many respects and especially from the moral standpoint comes from the community where a policyholder lives. A man who has a question mark after his name is not a good insurance risk for any sort of indemnity, and no agent should submit such a risk to his company.

Let Errors Be a Teacher

If experience be a good teacher, we should profit by it. When a mistake has been made, whatever prompted it, there should be no repetition. We should all

seek to make our way clear and to act in greater harmony in our various relations. By studying our errors, we can profit by them.

PERSONAL SIDE OF BUSINESS

Col. C. B. Robbins to Be Head of Home Loan Bank



COL. C. B. ROBBINS

Col. C. B. Robbins, president of the Cedar Rapids Life, is slated to be president of the eighth district Home Loan Bank in Des Moines. He was called to Washington, D. C., to attend a conference Oct. 5 with prospective district bank presidents.

Colonel Robbins was formerly assistant secretary of war. He has had a long and active career in insurance, military circles and politics.

He is a former president of the American Life Convention and now a member of its executive committee and was attending its annual convention in Toronto when he was called to Washington by Franklin W. Fort, chairman of the federal home loan bank board.

parade, etc. The international convention will be in Chicago June 25-29, 1933, Aryan Grotto being in charge of arrangements. President C. W. Young of the Monarch Life is to visit Mr. McIntosh next week.

Elliott R. Tibbets, special agent of the Travelers in Indianapolis, is a skillful imitator of bird and animal calls and, as a student of nature, has accumulated much interesting information which he has organized into an entertaining talk. He is frequently called upon to address various groups, his most recent appearance being before the senior department of the First Presbyterian church, composed of high school students, last Friday evening.

Prominent Insurance Men Put on Relief Committee

NEW YORK, Oct. 6.—Four prominent insurance men have agreed to assist the emergency unemployment relief committee raise money for work relief this winter, according to H. A. Lamy, Jr., executive chairman of the committee's commerce and industry division. They are President T. A. Buckner of the New York Life, who will head the life insurance section as he did last year; Vice-president A. L. Aiken, of the same company, William Schiff, of Schiff & Terhune, president Insurance Brokers' Association of New York, who again will head the insurance brokers' group, and H. T. Chester, member of Chubb & Son and vice-president Federal of New Jersey.

The "tattered ensign" of poetic and historic fame was returned to Old Ironsides at Washington, D. C., recently. LaVallette Barton, great grandson of Admiral LaVallette who was a lieutenant aboard the historic frigate in 1825, made the presentation which was arranged for by A. W. Defender, general agent of the John Hancock Mutual Life. The publicity department of that company aided in locating the flag and its owner, and persuaded him to present it to the ship from which it was first flown.

The flag which has been treasured by Admiral LaVallette's descendants as a family heirloom will be given an honored place on the restored "Constitution." In December "Old Ironsides" will leave Washington for an extended tour of Pacific Coast ports.

Walter Cluff, educational director Kansas City Life, spoke to Sales Managers' Club of Kansas City on "Teaching Salesmen." He stressed the point that while the salesman must have some knowledge, there are a great many things he must be, and that he needs emotional as well as intellectual development. The successful salesman must feel, act, dress, think as a successful man.

John W. Murphy, public relations manager of the Pan-American Life, has been elected vice-president of the New Orleans Advertising Club. For the past year he has served as a director.

Donald Clark of Johnston & Clark, general agents for the Mutual Benefit Life in Detroit, celebrated his 40th anniversary as a general agent for the company Oct. 1. He was first appointed a general agent of the Mutual Benefit in July, 1904, and for 35 of these 40 years has been in Detroit.

President William Montgomery of the Acacia Mutual of Washington, D. C., is temporarily off duty, taking a much needed rest on the advice of his physician.

President Frederic H. Rhodes of the Berkshire Life was in Chicago last week for a few days on a business trip.

Elbert Storer, general agent for the Bankers Life of Iowa at Indianapolis, who has been sojourning in California since the convention of the National Association of Life Underwriters, has started homeward, greatly improved in health. Mr. and Mrs. Storer are traveling by way of Portland and Seattle. While in California the former president of the National association visited many of the interesting parts of the state in company with A. L. Smith, general agent at San Francisco, and Paul W. Root, assistant superintendent of agencies in charge of the southern and western divisions.

George Mason of the Berkshire's general agency in Chicago has been with the company 44 years as an agent.

Miss Adah E. Bush, general agent in Indianapolis of the Provident Life & Accident, died recently in her office of heart disease. She was formerly secretary to Governor W. D. McCray of Indiana and was widely known as a civic worker. No one has been named as yet to fill her place. Her sister, Alice C. Bush, was assistant agency manager.

Fred W. McIntosh, manager for the Monarch Life in Chicago, is monarch of Aryan Grotto there and led a delegation in a special train to the state meeting at Moline, Ill., recently. Aryan Grotto captured a number of prizes for best drilled team, best appearance in

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NEWS OF THE COMPANIES

Ohio National Agents Busy

President's Month in Progress—New Visual Sales Talk Introduced—Several Conferences Scheduled

The Ohio National Life is having a busy month agencywise. October is president's month in honor of T. W. Appleby. Secretary E. E. Kirkpatrick, superintendent of agencies, is putting out a new and effective visual sales talk of his own arrangement. This week he is holding meetings at St. Louis, Kansas City and Des Moines, introducing the sales talk.

A conference for Oklahoma and Dallas agencies is being held in Dallas Oct. 17. The home office men on hand will be Actuary J. H. Evans, who will tell about the company's investment portfolio; Grant Westgate, assistant superintendent of agencies, and President T. W. Appleby. Mr. Evans will probably be on hand for the insurance commissioner's meeting in Texas at about the same time. The agents on the program include W. C. Temple, Dallas; R. H. Cornell, Houston; W. H. Welch, Dallas; L. R. Cook, T. R. Richardson and C. H. Kahn, all of Fort Worth.

A booklet containing a work record sheet for each day of October is in the hands of the agents. On the cover is a picture of Mr. Appleby. The entries include hours in field, hours in office, hours planning and study; new sales calls, second and subsequent sales calls, prospecting and other calls, sales interviews, other interviews, applications—number, applications—amount, applications—premium; policies delivered—number; policies delivered—amount; cash collected; service calls, good will calls and remarks. It is likely that this style of work sheet may be put out permanently by the company.

President Crocker Tells of John Hancock's Record

When asked for a statement regarding the position of the company, particularly in regard to policy loans, President Crocker of the John Hancock Mutual Life said:

"The company has not experienced any emergency in its affairs during the present business depression. It has been able to duly meet every obligation, without strain, from current income. The company has not borrowed from the Reconstruction Finance Corporation nor from any other source, and has not been obliged to sell securities. Demands from policyholders for loans continue to be large in number, but the aggregate amount being loaned appears to be less than it was a few months ago. For example, the loans made during July and August were approximately 13 percent less than those of the peak month of the year."

"The assets have continued to increase, and the new insurance paid for has averaged more than \$2,000,000 for each working day for the first eight months of 1932 while the company paid to policyholders during the year up to Sept. 1 over \$71,000,000."

Now Great Northwest Life

SPOKANE, WASH., Oct. 6.—As a step to a program of expansion, the National Union Life of Spokane has changed its name to the Great Northwest Life. It plans to expand its operations to Washington, Idaho, Montana, North and South Dakota, Minnesota, Oregon and Alaska.

President S. P. Weaver reports it now has insurance in force of \$4,250,000, a gain of 30 percent in 1932. The increase in new insurance in 1932 over 1931 is \$570,000, a gain of 25 percent.

Problems Being Ironed Out

New Kentucky Home Life Gradually Reaching Settlement of Affairs in Several States

LOUISVILLE, Oct. 6.—Burton Van Dyke, actuary of the new Kentucky Home Life, reported that the new company is gradually ironing out some of its problems.

Last week a conference was held in Chicago with F. J. Hummell, federal receiver for the Inter-Southern in Illinois, looking to release of the receivership there, and another conference is to be held this week, at which arrangements will probably be completed for clearing up the Illinois situation. The company has not decided as yet whether it will enter Illinois or not. James Chandler and Lee Miller, Kentucky receivers for the old Inter-Southern, attended the conferences.

From Chicago they went to Nashville for a conference with Commissioner Reece. Another conference with Mr. Reece will also be held this week, at which it is hoped an agreement will be reached, whereby the receivership in Tennessee will be ended and license issued in that state. If Tennessee issues a license it is understood that Arkansas will do likewise, which will clear up the situation fairly well.

The company plans to operate in just a few states. It is now licensed in Kentucky, Ohio, Indiana and Nebraska, and plans to enter Tennessee, Arkansas, Florida and perhaps Illinois.

The company started business Aug. 19. Within one month it had 21 producing agents and expects to have 100 by the end of the year. John Voyles has recently been named general agent at Indianapolis.

Ohio State's New Campaign

The Ohio State Life has launched an "Over the Top for 1932" campaign, which will continue until Dec. 3. Every agency has been allotted a minimum quota and prizes are to be awarded the winners. The campaign will be under the direction of a committee composed of the following managers: D. F. Shafer, Mansfield; L. A. High, Columbus; Carl Adams, Cleveland; A. E. Demilio, Pittsburgh, and O. N. Young, Lima, O.

Alfred Gusy, Los Angeles general agent, was the winner of the "Golden Gloves" contest recently held. Henry Stevens of Toledo was second and W. T. Leverette, Houston, Tex., third.

Oklahoma Southern Sold

OKLAHOMA CITY, Oct. 6.—All business and assets of the Oklahoma Southern Life have been purchased by the Great Republic Life of Los Angeles, which was recently taken over by Oklahoma interests, headed by President T. J. McComb of this city. The Oklahoma Southern as of Dec. 31 showed admitted assets of \$413,190 and insurance in force \$1,034,816. Its business paid for last year was \$727,656 and terminated \$741,940.

Previous to completion of the purchase the receivership case pending against the Oklahoma Southern was dismissed by the district court here. The contract has been approved by the Oklahoma department.

Lincoln Companies Merged

LINCOLN, NEB., Oct. 6.—F. M. Stapleton, vice-president of the Home Guardian Life, will hereafter have charge of all field work, with E. C. Bigger, late president of the Missouri Valley Life, in control of the offices. The merger of the two companies has just been completed. Headquarters will

AN AGENCY-MINDED COMPANY

Dedicated to the Service of its
Policyholders and Field
Representatives

Liberal Agency Contracts
Prompt Underwriting Service
Helpful Field Cooperation

A Policy for Every Purpose

LIFE
ACCIDENT & HEALTH
GROUP
SALARY SAVINGS

A Good Company to Represent

MISSOURI STATE LIFE
INSURANCE COMPANY

Home Office, St. Louis

Paid to policyholders and
beneficiaries in 1931... \$24,442,491.89

Paid since organization, \$162,550,485.84

SAID IN 1915

Then, in a depression as now, life insurance was magnificently "standing up" like a lone tall tower unscathed in a tornadoed town. And the panic passed! — as panics always do. Read an editorial of seventeen years ago:—

In these seasons of shrinkage in values and securities, life insurance is about the only thing a man possesses which is worth as much as it was a little while ago. Indeed, it is actually worth more than it was a year ago. Real estate has depreciated, stocks are in the abyss, bonds have shrunk, commercial goods of every sort are at ebb prices. But the holder of a life policy in any standard company, whether the face value of this particular piece of property be \$1,000 or \$50,000, is serene in the knowledge that the sum called for will be paid as soon as the policy is due. The life insurant can always tell how much he is going to leave his family. Of what other earthly property can this be said today?

—Cincinnati Commercial Gazette.

THE PENN MUTUAL LIFE INSURANCE COMPANY

WM. A. LAW, President

Independence Square

PHILADELPHIA

TODAY—TOMORROW

Recent developments point to a revival in business.

Underwriters, in order to secure their share of production, must re-organize their working plans to meet the new economic era.

Berkshire men and women have at their command—

- 1. Complete Home Office and Agency Co-operation.
- 2. Policy Contracts Designed to Meet New Demands.
- 3. Organized Sales Talks.
- 4. "Fund-O-Mentals"—a Complete, Up-to-Date Training Course.

With these "Sales Helps" Berkshire Associates are equipped to meet changing conditions.

"Ask Any Berkshire Agent"

Berkshire Life Insurance Company

Incorporated 1851

Fred H. Rhodes, President

Pittsfield, Mass.

be in the Sharp building, in the former offices of the Missouri Valley Life. Commissioner Herdman has approved the contract of reinsurance, under which the Home Guardian, assuming all of the liabilities of the Missouri Valley, pays nothing for \$1,800,000 of business on the latter's books, but agrees to take care of surplus notes aggregating \$32,000, put up by Missouri Valley directors when it was first formed as a mutual legal reserve company, and now in private hands. The \$20,000 surplus of the Missouri Valley will be used for this purpose, the Home Guardian assuming the remainder. The new company will have \$6,000,000 in force.

Produce for O. J. Arnold

The Northwestern National is making a special production effort this month, which has been designated "President's Month" in honor of O. J. Arnold, who is beginning his eighth year as head of the company. Those whose work is of outstanding merit will be given special recognition in the 1932 Arnold month roster and year book to be published shortly after the first of the year.

New Service Department Head

L. G. Smith, who has been with the Confederation Life of Toronto for some years, has been appointed supervisor of its policyholders' service department. This department has been organized to take charge of all correspondence dealing with policy loans, cash surrender values, conversion of term policies and the handling of matured endowments, and these duties may be enlarged to

include the servicing of all inquiries from policyholders regarding the terms, conditions and benefits of their contracts.

J. M. Grimes, Jr., Resigns

John M. Grimes, Jr., assistant advertising manager of the Bankers Life of Iowa, has resigned that position to become special agent in Des Moines and adjacent territory. Mr. Grimes joined the advertising department of the company in 1926 and two years later was named assistant advertising manager.

Pearce Shepherd with Prudential

Pearce Shepherd, assistant actuary of the North American Reassurance of New York, has gone with the Prudential as mathematician. One brother, Bruce Shepherd is actuary of the Life Presidents Association, and another, C. O. Shepherd, is vice-president of the Missouri State.

Mr. Shepherd has been with the North American Reassurance seven years. Prior to that he was connected with L. A. Glover & Co., consulting actuaries of Chicago.

Fraternal in Arkansas

The Ancient Order of United Workmen, jurisdiction of Kansas, has been granted a license in Arkansas. State headquarters will be opened at Pine Bluff in charge of L. D. Lawson. The organization is not connected with the Ancient Order of United Workmen, Arkansas jurisdiction, which two years ago sold its business to the National Standard Life.

LIFE AGENCY CHANGES

David M. Niver Is Advanced

Continental American Newark Manager
Made Assistant to Vice-President

David M. Niver, who has been manager in northern New Jersey territory for the Continental American Life, has been advanced to assistant to Vice-President George Martin, who is in charge of agencies, and will aid in the development of agency work in New Jersey, New York State, Brooklyn and Long Island. Moskowitz & Ainbinder have been made managers for northern New Jersey territory and will be located in the new offices just opened by Mr. Niver in the Academy building, Newark.

Robert Kruh, who has been affiliated with several of the New York City agencies of the Equitable Life of New York, has been made agency supervisor for Moskowitz & Ainbinder. Both members of that firm, who have been agents for the company, have ranked high in paid-for production.

Clinton Leslie has been appointed manager for the Paterson, N. J., territory.

C. W. Baker

C. W. Baker has been appointed Prudential superintendent at San Francisco No. 3. He started as an agent on

Nov. 15, 1920, in Chicago No. 7. He represented later the Prudential at Gary, Ind., and Los Angeles No. 1 before being appointed assistant at Los Angeles No. 5. From March 5, 1928, until his present position he was assistant at Santa Ana, detached from Los Angeles No. 7.

W. A. Gillespie

W. A. Gillespie, general agent of the Oregon Mutual Life for the past three years, who resigned recently to devote his time to personal production, has returned to the Connecticut Mutual Life under L. F. Rice, San Francisco general agent. Mr. Gillespie began his life insurance career with the Connecticut Mutual under H. L. Finlayson, later serving as supervisor of agents under J. D. Lively and resigning to become general agent of the Oregon Mutual Life in June, 1929.

Paul Dobbins, Sam M. Carson

The Aetna Life office in Atlanta is now a partnership, the firm name now being Carson & Dobbins. Paul Dobbins, who has been assistant manager, is now co-manager with Sam M. Carson.

Mr. Dobbins, previous to his association with the Aetna Life, was for many years general agent of the National Life of Vermont, associated with his father-in-law, George M. Hope.

AS SEEN FROM NEW YORK

By R. B. MITCHELL

McNAMARA SELLING COURSE

An imposing list of life insurance experts is scheduled to speak at the "depression-busting" selling course which the J. C. McNamara agency of the Guardian Life in New York City is putting on for the benefit of brokers and others interested in life insurance who are not full time agents of other companies. The course will consist of 20

meetings on Mondays and Thursdays at 5:10 p. m. beginning Oct. 6. Sessions will be held at the agency office, 17 John street.

Lecturers will include such nationally known life insurance figures as Vice-President W. W. Klingman of the Equitable Life of New York; Director J. E. Bragg of the life insurance training course of New York university; J. V. Barry, vice-president Life Extension

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October 7, 1932

Made Manager



M. J. HANCEL

The Continental American Life of Delaware, which has just been admitted to New York state, opened a branch office Oct. 1 at 120 Broadway, New York City, with M. J. Hancel, formerly of the Travelers and the Metropolitan Life, as manager.

Mr. Hancel has had nearly 30 years of insurance experience, having started as a solicitor for the Metropolitan in 1903, and continuing in various agency posts for 15 years, finally being promoted to superintendent at large. In 1918 he joined the Travelers as production manager of the J. D. Bookstaver agency in New York. When the Louis Reichert Company obtained a general agency franchise for the Travelers in 1923, Mr. Hancel became agency manager. Starting from scratch he built, in five years, an agency producing more than \$10,000,000 of new business, and in addition being an outstanding personal producer of the agency.

The company's entry into New York comes on the 25th anniversary of its founding. For the Continental American's progress during that time, great credit is given its founder and first president, the late Philip Burnet. Exceptional financial strength has always characterized the company, which, though not one of the largest, is undoubtedly one of the strongest.

Institute and former third vice-president Metropolitan Life; Leon Gilbert Simon and Vash Young, both of the Equitable of New York; Clay Hamlin, general

agent in Buffalo of the Mutual Benefit Life; Dr. C. B. Piper, medical director Connecticut Mutual Life and formerly medical director of the Guardian; also Harvey Weeks, assistant vice-president Central Hanover Bank and Trust Company; N. H. Seefurth, publisher of "Seefurth Service"; J. S. Drewry, general agent in Ohio of the Mutual Benefit; D. B. Maduro, counsel of the New York City Life Underwriters Association; A. R. Allen, general agent in Philadelphia of the Union Central Life; T. M. Scott and W. H. Burns, Philadelphia underwriters; J. M. Eisendrath, branch manager of the McNamara agency; P. F. Broughton and W. E. Knowlton, star producers of the agency; and S. K. Beebe, Union Central, T. H. Bennett, Guardian, and W. J. Louprette, Mutual Benefit, all well known New York city life underwriters.

* * *

TRAVELERS' AGENCIES MERGED

Two general agencies of the Travelers in New York City, the J. G. Grill agency and the Louis Reichert agency, will be merged, operating under the latter name, with F. S. Groh, former manager of the Grill agency, as manager. Mr. Groh succeeds M. J. Hancel, agency supervisor of the Reichert agency, who has resigned to become manager for the Continental American Life of Delaware. Mr. Groh was assistant manager of the Travelers Brooklyn branch before joining the Grill agency, and prior to going with the Travelers was real estate manager for one of the largest real estate operators in Brooklyn.

The merger brings together two of the Travelers' oldest general agencies. Both Mr. Grill and Mr. Reichert have long been known as outstanding producers of the company. Mr. Grill will retire from active operations in the insurance field.

* * *

SEPTEMBER PRODUCTION FIGURES

The J. S. Myrick office of the Mutual Life of New York paid for \$1,566,486 in September as compared with \$1,762,350 for the same month last year. For the year to date the agency's total is \$20,480,937, as compared with \$28,205,768 for the first nine months of 1931.

The R. H. Keffler agency of the Aetna Life produced \$923,909 in paid-for business last month as compared with \$1,627,757 for September, 1931. Its year-to-date total is \$15,572,292 as compared with \$19,046,894 for the same period last year.

* * *

DE LONG'S MEN HONORED

Six members of the C. E. DeLong agency of the Mutual Benefit Life were awarded trips to Bermuda as a result of the office's summer contest. The fortunate ones were Irwin Weil, M. A. Blate, F. M. Jeckel, Bernard Zahn, Herman Levy and Alfred Correll, manager of the Brooklyn branch.

AS SEEN FROM CHICAGO

UNDERWRITERS' FIELD DAY

The much postponed field day of the Chicago Association of Life Underwriters at the Tam O'Shanter club drew over 150 persons. Prizes in the tournament were presented at the dinner by President J. R. Hastic, Mutual Life of New York. George Dawson of Mr. Hastic's office won low gross with 73 and was awarded the Life Trust Club cup. Ira Couch of the Patterson agency, Penn Mutual, was second with 77; R. T. Porter, Continental-Illinois bank, third, 78; H. W. Heinan, Massachusetts Mutual, fourth, 81; Burton Mudge, Patterson agency, fifth, 82, and S. T. Whately, general agent Aetna, and Walter Jolley, Patterson agency, followed with 83. Blind bogey was tied by Harry T. Wright, associate agency manager Equitable of New York; A. Peterson of the North American Life, Lester Forbes of the Central Republic

Bank, and M. Gore of the W. A. Alexander & Co. agency of the Penn Mutual. J. C. Windsor, Equitable of New York, won the largest number of fours and C. A. Anderson of Keller Anderson agency, the largest number of fives. Roy L. Davis, Union Central, won the horseshoe pitching contest. T. G. Murrell, who has just left Chicago to become manager of the Connecticut General in New York City, was given a handsome brass cigarette humidor in appreciation of his work as chairman of the field day. Foursomes especially appreciated Mr. Murrell's gift to the winner of the ninth hole. Choice holes, Nos. 3, 15 and 16, were won by J. N. Royer, Patterson agency; Jack Childs, Equitable of New York; John Hamel, First National bank; J. H. Sherman and L. A. Ulrich, the two latter both of the Patterson agency. Walt Tower, managing director Chicago association,

YEOMEN

Good Insurance rests on
Good Management

Today's officers and directors of the Yeomen Mutual Life have served with the company for more than 20 years. The soundness of the Yeomen and the progressiveness of its policies rest on the broad base of this experience.

Yeomen
MUTUAL LIFE INSURANCE CO.

A. H. HOFFMAN, PRESIDENT

Home office: Des Moines, Iowa

\$141,000,000.00 insurance in force

"IN YEOMEN THERE IS STRENGTH"

Clarence L. Ayres
PresidentClaris Adams
Executive Vice-President

AGENCY OPPORTUNITIES
in
INDIANA
OHIO and ILLINOIS

Liberal Commissions
Complete Line of Policies

AMERICAN LIFE
INSURANCE COMPANY
DETROIT, MICHIGAN



AS an investment, life insurance fulfills two of the strongest human desires:—safety for the investment, and safety for the investor's beneficiaries.

Policy Contracts providing the two-fold advantages of investment safety and beneficiary protection are first features in the Franklin line.

The Franklin Life Insurance Company Springfield, Illinois

*Send for booklet
"The Company Back of the Contract"*

Geared Selling

Fidelity gears its direct mail lead service to an exceedingly profitable "Income for Life" appeal. The premium value for each dollar invested by its agents last year in this service was \$54.60. Applications written on leads from the service are 38% higher than the company average of all paid policies.

Users Profit Accordingly

"Income for Life," Low Rate Life, Family Income, Disability, Accidental Death Benefits and a full line of annuity forms are included in the Fidelity kit—backed by more than half a century of fair dealing.

The FIDELITY MUTUAL LIFE INSURANCE COMPANY PHILADELPHIA
WALTER LEMAR TALBOT, President

was presented a "handsome whoozit," a marble ash tray bearing a bronze figure.

* * *

RANDALL TAKES RATE BOOK

C. E. Randall, superintendent of agents of the Franklin Life of Springfield, Ill., is one company official who not only is not afraid but who also has the ability, to go out with a rate book, as he demonstrated during his visit of a month in the F. J. Budinger general agency of that company in Chicago in September. Mr. Randall offered his services as a temporary supervisor over younger members of the agency staff, and quite frequently went out with them to help start them in production.

* * *

HOWES ATTENDS CONVENTION

Byron C. Howes, Chicago general agent of the Berkshire Life, and eight men went on an automobile trip to the home office and Swampscott to attend the annual convention.

* * *

BEARD AGENCY'S RECORD

R. H. Beard & Co., well known Chicago general agency, has again accomplished a fine record in life production,

holding second place among the leading agencies for the first eight months of the year for the Philadelphia Life, and taking second place among agencies in August. On the last honor roll Mr. Beard and R. H. Beard, Jr., appear as leaders, each having appeared four times on the monthly honor roll for 1932. The entire Beard family were in attendance at the company's convention in Bermuda.

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C. L. U.'S TO HEAR HAHNE

Dr. Ernest Hahne, professor of economics Northwestern University, will address the Chicago chapter of the Chartered Life Underwriters next Tuesday at a luncheon meeting.

* * *

ANOTHER CHICAGO CONVENTION

The Central Life of Illinois will be among those to hold their agency conventions in Chicago next year when the Century of Progress Exposition will be staged. The Central Life convention will be in September. Qualification requirements are not burdensome and the company anticipates that there will be a large attendance of agents and their wives. The plans for the convention are under the direction of Vice-President R. E. Irish.

PACIFIC COAST AND MOUNTAIN

Equitable's Coast Convention

President Parkinson and Other Home Office Executives Attend Agency Conference at Coronado

Coates & Herfurth of San Francisco are serving as actuaries for the company, which plans to commence with three forms of policies—ordinary life, 20-payment life with endowment option and term insurance with "semi-endowment option."

United Mutual Officials on Coast

Harry Wade, president of the United Mutual Life of Indianapolis, and his son, Harry D. Wade, Jr., vice-president, are on a tour of Pacific Coast agencies. After visiting the M. M. Waddle & Son general agency, Los Angeles, in charge of California, they spent two days in San Diego and opened an office in that city. An agency banquet was held in Los Angeles, attended by about 35 members of the Waddle agency. Their itinerary includes San Francisco, Portland, Seattle, Spokane, Salt Lake City, Denver and other points, the entire trip requiring about a month.

Offer Portland Course

A three-year course of life insurance instruction as outlined by the American College of Life Underwriters will be offered by the Oregon Institute of Technology. The Portland C. L. U. chapter is sponsoring the work.

Hamilton National Appointments

The Hamilton National Life of Los Angeles has appointed W. J. Reed as general agent at Bakersfield, Cal., and J. M. Henderson, Jr., as general agent at Sacramento.

Southern States Local News

Explain Robertson Law Fight

Opponents of Measure Give Reasons for Conducting Campaign for Repeal

DALLAS, Oct. 6.—Continued enforcement of the Robertson law, requiring life insurance companies operating in Texas to invest 75 percent of their reserves on state business in Texas securities, is fencing the state off from \$17,500,000,000 of capital, controlled by the companies which will not meet the Texas laws, O. M. Fitzhugh, San Antonio attorney, told the Dallas Real Es-

the leading months of the year, and agencies in the state, appear as four times a year. The attendance in Ber-

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state Board. Mr. Fitzhugh appeared on invitation of the board to state the case for those favoring modification of the law. Harry L. Seay, president of the Southland Life, favoring the law, spoke to the board a week earlier.

C. S. Fowler of San Antonio, secretary of the Association for Modification of the Robertson law, followed Mr. Fitzhugh. He asserted that no insurance company had given financial aid to the movement for modification, but that it was financed altogether by Texas business men seeking to open up new reservoirs of capital for the state's development.

Figures were quoted to show that in-

terest rates on farm and other real estate mortgage loans in Texas are higher than in other states, due to the shutting out of the funds of the big life insurance companies.

Simmons in Texas

Ted M. Simmons, manager United States agencies Pan-American Life, is on a trip through northern Texas, visiting agencies and making a number of managerial appointments. New agencies are to be established in Abilene, Lubbock, Amarillo, Texarkana, Tyler, Marshall and perhaps other points.

LIFE COMPANY CONVENTIONS

Equitable's Southern Meeting

Representatives from 17 Agencies Attend Regional Convention at Hot Springs, Va.

Representatives from 17 agencies of the Equitable Life of New York in the southern states met at Hot Springs, Va. Previously meetings had been held at Montreal for the eastern department, at Toronto for the central department, and Bermuda-bound on board the S. S. Aquitania for the New York department. This week the last of the five scheduled meetings was held at Coronado Beach, Cal., for the Pacific Coast agencies.

W. W. Klingman, vice-president in charge of agencies, presided at the Hot Springs meeting. In his keynote address he announced the theme of the conference, "Security" as applied to life insurance, and its contribution to the stability of the social and economic life of the nation. He congratulated the southern agencies upon the splendid showing they had made in a year of financial stringency.

Mr. Klingman then turned the meeting over to Roy R. Hale, superintendent of agencies for the southern department. Mr. Hale announced the following awards for the year's business ending Aug. 31: Honor agency, E. M. Barber agency, Jackson, Miss.; honor unit managers, E. E. Dent, Baltimore; D. L. Weeks, Jacksonville, Fla.; T. W. Evans, Raleigh-Roanoke; Lewis Milam, Wheeling, W. Va., and H. A. Smith, Cincinnati-Louisville.

Vice-Presidents W. J. Graham, F. L.

Jones and A. G. Borden and Treasurer M. C. Laffey were present from the home office and spoke.

Security Mutual Agency Meeting

The annual agency meeting of the Security Mutual Life of Nebraska was held at Lincoln Sept. 30-Oct. 1, with 60 in attendance. S. C. Waugh, executive vice-president First Trust Company of Lincoln, was the only outside speaker. He discussed the methods of linking up life insurance with wills and trusts. The program was in charge of Vice-President Hyde, head of the agency department, and featured discussions, largely of the round table type, covering various phases of field work, prospecting, canvassing and conservation. President E. B. Stephenson, in a brief address, discussed the favorable financial position of the company. F. C. Foster, general counsel, said the company had escaped many possible lawsuits by reason of the use of language in policy contracts that cannot be misunderstood or misinterpreted. He said the business of life insurance is overtaxed and that the government is taking more from the companies than the services rendered them are worth.

Convention at Race Time

The 1933 agency convention of the Shenandoah Life of Roanoke, Va., will be held at Daytona Beach, Fla., in March of next year. The exact date has not been set, due to the fact that the desire is to have the convention coincide with the world's speed trials to be held in March at Daytona Beach.

GENERAL AGENCY NEWS

Visit Many Agency Meetings

Northwestern Mutual Home Office Men on Tour of Offices in East and Central West

MILWAUKEE, Oct. 6.—Representatives of the home office agency department of the Northwestern Mutual Life will visit a number of general agency meetings in the central and eastern zones in the next two weeks. C. H. Parsons, superintendent of agencies, and R. P. Thierbach, assistant superintendent, have gone to New York City to attend meetings of the general agencies of Recht & Kucher and Clifford L. McMillen, and to make plans for the annual meeting of agents in New York in January. They will also attend meetings in the general agencies of L. M. Bull, Poughkeepsie; E. R. Gettings, Albany; Henry Phillips, Syracuse, and S. N. Kenyon, Utica.

Chapman's Schedule Given

W. R. Chapman, assistant superintendent of agencies, is scheduled to attend meetings of the B. J. Stumm agency at Aurora, Ill., and the Clyde O.

Law agency of Wheeling at Clarksburg, W. Va.

N. D. Phelps, assistant superintendent of agencies, will represent the home office at Marquette, Mich., when the P. G. Teeple agency meets Oct. 10-11. Mr. Phelps will also attend a joint meeting at Grand Rapids of agents of Ira Blossom, general agent there, and W. Roy Bryant, general agent at Kalamazoo, Mich.

Spaulding Agency Gathering

Gain Reported in September Production—Jacobs Tells Value of System—Williamson Speaks

The annual convention of the R. E. Spaulding agency of the Mutual Life in Chicago was held last week. Manager Spaulding announced that the agency's production for September was ahead of that month last year and that Julian S. Hexton led in individual production. In talking on conservation, Mr. Spaulding said it was imperative to keep the old policies in force, as it is against the interests of the policyholder to write a

TOP-NOTCHERS

Bankers Life Salesmen Who Have Achieved Success Through Consecutive Qualification in Our Highest Honor Organization



GEORGE MEYER
GREENVILLE, ILLINOIS

PRESIDENT'S PREMIER CLUB

1928-1929-1930-1931

BANKERS LIFE COMPANY

GERARD S. NOLLEN, President

Established 1879

Des Moines, Iowa



SEVEN KEYS to END DEBATE

Col. Talbot, Southland Agency Manager, has developed seven new aids for agents. If you are having "getting-in-to-see 'em" trouble, here's the answer. Each is an aid for your selling. Write for information. Address: Clarence E. Linz, 1st Vice President, or Col. Wm. E. Talbot.

Southland Life Insurance Company

HARRY L. SEAY, President

HOME OFFICE

DALLAS, TEXAS



SOMETHING NEW THAT IS NEW IN LIFE INSURANCE

*A Dollar's worth for every Dollar paid
regardless of kind of policy purchased*

A \$1,000.00 Endowment Policy, any age at issue, guarantees \$1,961.54 plus Dividends in event policy becomes a claim the year it matures.

Our Twenty Payment most remarkable policy of all—too much to write about in this advertisement.

We have Ordinary with and without Cash accumulation. Without cash value it furnishes Pure Protection Life insurance at non-participating rates but on a participating basis—it is estimated dividends will amount to 50% within a few years, based on actual experience past five years.

Juvenile Policies—Ordinary, Twenty Payment and Endowment from birth, with all the fine features of our Adult Policies.

Many other forms of Policies equally attractive.

Operating in Illinois, Michigan, Indiana and Missouri

INTERSTATE RESERVE LIFE INSURANCE COMPANY

Mutual Legal Reserve Life Insurance

Ten East Pearson Street : : Chicago

And Now—

Monthly Premiums!

Agents, profiting by the exceptional money-making opportunities of our Golden Rule Contract, now may place Monthly Premium Policies, as well as those on the Annual, Semi-annual or Quarterly basis.

A Monthly Premium Depositing Plan is certain to be popular in times like these.

Columbus Mutual Life
Columbus, Ohio

new policy except under special circumstances.

I. B. Jacobs, educational director, told of the value of system. He said an agent should have a list of people to see every day and see them and not stop in the middle of the afternoon because his shoe hurts or his feet are tired. He advised the keeping of detailed record of each prospect so that it is not necessary to ask the prospect so many questions when the agent calls or sells him a policy. Mr. Jacobs told of the value of the systematic sending out of birthday cards to policyholders. He sold a man a \$1,000 policy to complete a \$25,000 insurance estate. Afterwards he sent the man a birthday card every year. Eighteen years afterward the man's situation had changed and Mr. Jacobs sold him a \$50,000 endowment policy just because he had kept in touch with him through the years. He advised agents to know the people they are dealing with and be able to handle the different individuals the way they wanted to be treated.

W. W. Williamson, Chicago general agent Connecticut Mutual Life, was the guest speaker. He said that he never directly asks a man to buy life insurance. He gets close to a prospect and finds out the true state of his affairs and what he would like to accomplish. He gains the prospect's confidence and shows him how he can accomplish what he desires.

In Business Forty Years

An invigorating talk was given by W. D. Middlesworth, who has been a Mutual Life agent for 40 years. When he started out he was given a five minute talk, a sample policy and a pat on the back. Agency or company cooperation were unknown in those days and he attended only four agency gatherings in his first 17 years. He urged the cultivation of the small purchaser because 60 percent of the death claims paid by the Mutual Life are on policies of \$2,000 or under and 90 percent under the \$10,000 mark.

Talmage Smith, agency organizer, talked on advantages of cooperation and gave a sales demonstration with R. F. Kopperschmidt on selling educational endowment plans. E. S. Main spoke on prospecting; James S. Hexton on "The Master Salesman of History"; Edwin Milner, "Why I Am in the Life Insurance Business"; H. C. Powers, "Life Insurance Needs and Estate Situations;" Robert W. Teeter, "A Life Insurance

Policy vs. a Stock Certificate," and Roy A. Graham, "Provision for Old Age."

There was a novel contest of six-minute sales speeches.

The Spaulding agency will hold a ten weeks training course on Tuesday evenings, starting Oct. 11.

Several outstanding men have recently joined the Spaulding agency's staff. Among them are Edwin Milner, former vice-president Capper & Capper; George J. Page, formerly with Curtis Wright, sales and instruction department, and Russell L. Compton, formerly with the personnel department of the Western Electric Company.

Erickson Men Hold Meeting

General Agent S. A. Erickson of the Northwestern Mutual Life at Mankato, Minn., held an agency meeting there. Dr. W. G. Hyde, assistant medical director, R. A. Clark, assistant superintendent of agents, representing the home office. A sales meeting was held in the afternoon. There were agents present from all over the district. District Agents E. R. Cory of Austin; P. T. Conklin of Fairmont; M. J. Hanson of Jackson; J. A. Malone of Rochester; E. H. Ruhsam of Albert Lea; E. J. Stuhr of Winona; D. P. Tiffany of Redwood Falls, attended with their men.

McCaughay's 25th Year

W. F. McCaughay, southern Wisconsin general agent for the Northwestern Mutual Life, held his annual fall meeting in Racine with 100 agents and their wives in attendance. This marked the 25th anniversary of the founding of his agency.

Speakers were Nelson D. Phelps, assistant superintendent of agencies, and L. C. Jones of the Northwestern Mutual home office and Herbert L. Cramer, general agent at South Bend, Ind., for the Northwestern Mutual.

Day & Cornish Conference

The Day & Cornish agency of the Mutual Benefit Life in Newark is holding a one-day conference and outing Oct. 7.

F. E. Fellows, president of the Mutual Benefit Club of the Day & Cornish agency, will preside. Speakers include E. E. Rhodes, vice-president; Oliver Thurman, vice-president and superintendent of agencies, and Dr. William Ward, medical director of the Mutual Benefit Life, and A. E. N. Gray, assistant secretary of the Prudential.

MANAGERS' ASSOCIATION NEWS

Driving Force Is Necessary

**Powerful Desire Essential to Success,
Tomlinson Tells Detroit Supervisors'
Association**

DETROIT, Oct. 6.—In order to be successful in life insurance the agent must be animated by a powerful desire, an ambition to advance himself in his profession, to make money, to accomplish things, to carve a niche for himself in his own particular Hall of Fame, Theodore Tomlinson, supervisor for the Bankers Life of Iowa, told the Detroit Life Insurance Supervisors Association Oct. 3, talking on "The Driving Force." Bryson Loughridge, retiring president, presided.

"A real desire in your heart will lead you to your goal," he said. "I don't mean that a real desire to be president of his company will carry an agent to that position, but if he will tie into his job, quit crying about hard times and cease complaining generally, if he grits his teeth and digs into his work he will overcome obstacles in his path and will be successful."

"Let's look at this from a different angle. Your prospects are animated by desires, too, the desire to provide for

their families, for their own old age, perhaps. When your salesmen call on your prospects, most of them have no real desire to buy insurance. Insurance must be pictured to them in terms of their real desires. If you can show a man how he can bring his own particular desire nearer accomplishment by means of adequate life insurance, then you have sold him on a permanent basis."

Agency Directors Organize

The agency directors of Miami, Fla., have organized under the name of the Agency Directors Conference. C. W. Quinn, Sun Life, was elected chairman, and W. J. Brown, Mutual Life of New York, secretary-treasurer.

Hammond Los Angeles Speaker

W. M. Hammond, general agent Aetna Life, speaking at the luncheon-meeting of the Life Managers' Club of Los Angeles, gave a brief review of his address at the convention of the National Association of Life Underwriters in San Francisco on "Securing Business Under Present Conditions."

An interesting feature was a preview presentation of a transcription of the radio skit, "An American Family," designed to impress the need for edu-

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NEWS ABOUT LIFE POLICIES

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem," Published Annually in May and March respectively. PRICE, \$5.00 and \$2.00 respectively.

New Bankers' Dividend Scale

General Readjustment Made in 1933
Schedule—Interest Rate Is Reduced
to 4½ Percent

The Bankers Life of Iowa has made a general readjustment in its dividend schedule for 1933, showing increases for some ages and decreases for others. The increase comes in the younger ages on some forms while older ages are decreased generally. The rate of interest to be paid during 1933 on dividends left to accumulate will be 4.5 percent instead of 5 percent. Specimen dividends are:

Special Ordinary Life

End	Age	Age	Age	Age	Age	Age
Year	20	25	30	35	40	55
1.....	4.52	4.77	5.27	6.48	8.36	9.27
2.....	4.70	4.89	5.49	6.83	8.86	9.77
3.....	4.87	5.02	5.71	7.17	9.33	10.24
4.....	4.98	5.15	5.90	7.49	9.79	10.96
5.....	5.08	5.29	6.09	7.82	10.22	11.64
10.....	5.62	6.05	7.17	9.52	12.51	14.74
15.....	6.32	6.85	8.41	11.12	14.97	17.88
20.....	7.78	8.36	10.25	12.99	17.64	22.16

18-Payment Life

1.....	3.46	3.72	4.23	5.40	7.31	8.31
2.....	3.72	3.96	4.58	5.86	7.88	8.86
3.....	4.03	4.20	4.91	6.33	8.45	9.40
4.....	4.23	4.44	5.23	6.75	8.99	10.18
5.....	4.44	4.69	5.63	7.19	9.52	10.95
10.....	5.60	6.05	7.28	9.53	12.85	14.47
15.....	6.95	7.56	9.23	11.88	16.56	18.27
20.....	6.75	6.88	7.38	7.98	8.67	9.29

Life Paid Up at 65

1.....	3.43	3.58	3.87	4.74	...	...
2.....	3.61	3.72	4.12	5.17	...	...
3.....	3.79	3.85	4.36	5.60	...	...
4.....	3.89	3.99	4.58	5.99	...	...
5.....	4.00	4.14	4.79	6.39	...	...
10.....	4.59	4.93	6.00	8.52	...	...
15.....	5.28	5.78	7.39	10.65	...	...
20.....	6.76	7.34	9.33	12.96	...	...

Life Paid Up at 70

1.....	2.79	2.97	3.22	4.03	4.73	4.33
2.....	2.97	3.10	3.43	4.39	5.35	5.17
3.....	3.15	3.22	3.67	4.77	5.96	5.99
4.....	3.26	3.36	3.87	5.18	6.56	7.07
5.....	3.35	3.49	4.06	5.48	7.16	8.13
10.....	3.91	4.23	5.19	7.36	10.31	13.52
15.....	4.60	5.06	6.48	9.18	13.98	8.67
20.....	6.00	6.53	8.32	11.32	8.67	9.29

Endowment Age 85

1.....	3.34	3.58	4.01	5.17	6.86	7.61
20.....	6.56	7.18	9.04	11.78	16.53	21.03

Twenty Payment Life

1.....	3.30	3.55	4.01	5.15	6.98	7.87
20.....	7.87	8.59	10.60	12.54	18.03	21.64

Twenty Year Endowment

1.....	3.31	3.61	4.16	5.30	7.28	8.35
20.....	12.92	13.33	14.37	16.25	19.77	22.68

Term to Age 65

1.....	1.88	1.97	1.99	2.26	...	...
2.....	2.02	2.05	2.10	2.53	...	...

Issue New Single Premium Deferred Annuity Contracts

The Bankers Life of Iowa will issue single premium deferred annuity contracts under what is known as a master contract. This master contract allows the annuitant to make additional payments on any anniversary, thereby increasing the amount of annuity payable at retirement age selected. These additional payments may be made in multiples of \$100 but not to exceed five times the first premium nor may the total exceed \$100,000.

At death prior to retirement age the company will return at least the amount of premiums paid but if the cash value exceeds that amount it is payable instead. Dividends are payable both before and after the retirement date. Before retirement date dividends may be

withdrawn in cash or left to accumulate. After retirement they may be used to increase all future annuity payments in lieu of the cash option. Retirement may be at any age between 50 and 70.

Cash values are determined separately on each payment, as are the dividends. As an example, if \$1,000 is paid on the first and second anniversaries the cash value at the end of two years will be \$1,000.31 on the first payment and \$953.08 on the second payment, making a total of \$1,953.39. Payments made other than on the anniversary are subject to discount.

Following is shown the amount of income purchased by \$1,000 cash value and an illustration of dividends payable after retirement on male lives:

At-	tained	Age	Mo. Life		
			Monthly	Life	Dividends
Year	Inc.	Inc.	Aver. \$1,000	Aver.	Aver.
1.....	\$1,000	1st	1st 10 (Re-	1st 10	
2.....	5.57	9.84	8.81	5.12	9.43
3.....	6.30	9.83	8.64	5.63	9.81
4.....	7.26	9.79	8.44	6.27	9.77
5.....	7.49	9.79	8.40	6.41	9.75
6.....	7.74	9.79	8.37	6.57	9.75
7.....	8.00	9.78	8.33	6.73	9.76
8.....	8.27	9.77	8.29	6.90	9.73
9.....	8.57	9.77	8.26	7.08	9.72
10.....	8.86	9.76	8.21	7.27	9.71
11.....	9.15	9.75	8.17	7.47	9.71
12.....	9.44	9.75	8.14	7.67	9.68
13.....	9.73	9.75	8.10	7.89	9.67
14.....	10.02	9.74	8.06	8.12	9.61

Cash Values

Policy	Cash	Policy	Cash
Year	Values	Year	Values
1.....	\$953.08	35.....	\$3,150.24
10.....	1,333.02	40.....	3,741.50
15.....	1,583.20	45.....	4,442.73
20.....	1,580.35	50.....	5,277.76
25.....	2,233.27	55.....	6,268.32
30.....	2,652.42	60.....	7,444.80

Franklin Life

The Franklin Life of Springfield, Ill., has brought out an insurance annuity, age 55, policy, with continuous premiums until the 55th birthday, providing thereafter an income of \$10 per month per unit for life. If the assured attains age 55 and dies before receiving 100 monthly payments, the balance of these will be commuted at 3½ percent compound interest and paid in a lump sum to the assured's estate. In case of his death before the end of the endowment period, \$1,000 per \$10 monthly income unit will be paid to the beneficiary. In the later years of the endowment period, the amount payable to beneficiary increases annually to a maximum of \$1,560 for the last policy year. Disability benefits are payable if the assured becomes totally and permanently disabled before attaining age 55, the monthly disability income being payable only to maturity of the policy. Double indemnity also can be attached. Nonforfeiture values are given. Annual premiums per unit, without disability, are:

Age	Prem.	Age	Prem.	Age	Prem.
10.....	\$19.97	22.....	\$30.57	34.....	\$55.95
11.....	20.60	23.....	31.58	35.....	59.66
12.....	21.26	24.....	33.29	36.....	63.82
13.....	21.96	25.....	34.81	37.....	68.48
14.....	22.71	26.....	36.44	38.....	73.70
15.....	23.50	27.....	38.20	39.....	79.61
16.....	24.34	28.....	40.10	40.....	85.90
17.....	25.23	29.....	42.17	41.....	93.58
18.....	26.18	30.....	44.28	42.....	102.48
19.....	27.19	31.....	46.40	43.....	112.91
20.....	28.20	32.....	49.58	44.....	125.26
21.....	29.34	33.....	52.61	45.....	140.14

Pacific Mutual Life

The Pacific Mutual Life announces that the restriction relating to military and naval service in time of war will be considered waived insofar as applies to the death benefit of the policy under all

national insurance, written and directed by Miss K. Van Riper and produced under arrangement with George L. Price. It was previewed by the incoming and outgoing officials of the National association at San Francisco and an effort is being made to arrange for

John J. Moriarty, first vice-president Missouri State Life, was the chief speaker at the meeting of the Managers & General Agents Club at Fort Worth, Tex.

SALESMANSHIP

Select Policies which can be Profitably Sold to the largest number of people

Our commissions are liberal and our Special policies meet the needs of life insurance buyers of today.

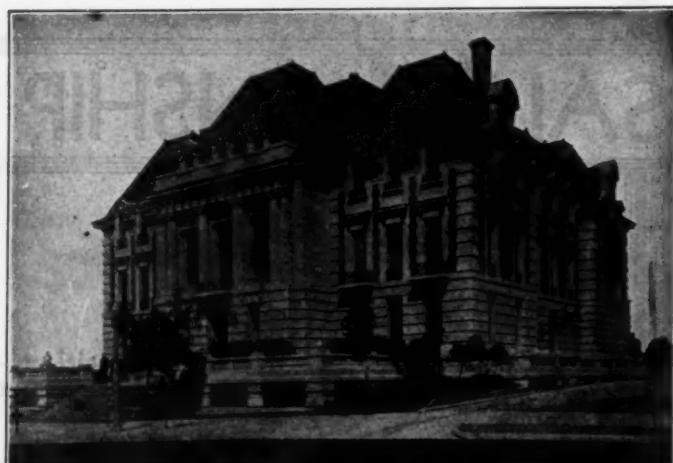
If you are interested in a permanent connection in Ohio or New York, it will pay you to investigate.

JOHN M. HULL,
President

FRANK F. EHLEN,
Director of Agencies

BUFFALO MUTUAL LIFE INSURANCE COMPANY

Founded 1872



Home Office Building

We Offer

1. Policies for all ages, 1 day to 70 years.
2. Children's Policies with Beneficiary Insurance.
3. Family Income Protection Plan.
4. Disability and Double Indemnity.
5. Surgical and Dismemberment Benefits.
6. Both Participating and Non-Participating.
7. Non-Medical—Sub-standard.
8. Sales Planning and Circularizing Department.
9. Producers' Club.
10. Special Monthly Premium Payment Plan.

territory available in seven-teen states West of the Mississippi River, Illinois and Florida.

Write for a copy of "FIELD FEATURES"

James A. McVoy, President

Central States Life Insurance Company

HOME OFFICE: SAINT LOUIS

BROKERAGE BUSINESS»

Good quality brokerage business from the State of Michigan is welcomed by THE DOMINION LIFE. If you have any such business to place, it will be worth your while to get in touch with our Detroit office.

F. W. SIMPSON

2724 UNION GUARDIAN BUILDING
PHONE CADILLAC 0604

DETROIT

THE DOMINION LIFE ASSURANCE COMPANY

WHAT TO KNOW ABOUT LIFE INSURANCE— By J. B. Duryea.....

A practical, clear statement by a field man on what the average salesman needs to know about the fundamentals. Order from The National Underwriter, 11946 Insurance Building, Chicago.

contracts of the life department now in force or which may be issued hereafter. The waiver will not change present restrictions affecting permanent total dis-

ability benefits in life contracts or accident and sickness and accidental total loss benefits issued in conjunction with life contracts.

NEWS OF LIFE ASSOCIATIONS

Correct Investment Statement

California Associations Point Out Error in Political Talk Regarding Railroads and Life Companies

SAN FRANCISCO, Oct. 6.—At a meeting Sept. 30, the executive committee of the San Francisco Life Underwriters Association went on record as commending the Central California Life Underwriters Association for its action in calling to the attention of Marshal Hale, chairman of the Republican state central committee, a statement attributed to him in a speech delivered in Fresno, Cal., wherein he is alleged to have stated, in recounting the various efforts of the Reconstruction Finance Corporation to aid agriculture and industry, "that loans to railroads have undoubtedly prevented the failure of life insurance companies which own their bonds."

In its communication to Mr. Hale, the executive committee of the Central California association pointed out that "life insurance companies' investments and securities are purchased to hold until maturity. They do not have to be sold on a weak or low market" also "that the income of life insurance companies is always, even during the present time, more than adequate to take care of all demands for outgo leaving them, even now, some problems of investment"; that the railroad securities held by life insurance companies are the best class of railroad securities outstanding and that "the percentage of securities held by legal reserve insurance companies in railroads which are very weak financially today is small enough compared with the total of insurance companies' assets as to not be a factor to cause insolvency."

It was also pointed out that the total of railroad securities held by all legal reserve life insurance companies today comprises only 16.2 percent of their total assets. "Should 10 percent of railroad investments fail, an assumption not warranted by the present outlook, the life insurance companies would lose only 1.6 percent of their total investments. The safety factor of legal reserve life insurance companies is ample to care for a loss many times 1.6 percent," said the communication to Mr. Hale.

The next meeting of the San Francisco association will be held Oct. 26, with G. H. Harris, supervisor field service bureau of the Sun Life, as the speaker.

Riehle to Talk Twice

T. M. Riehle, first vice-president of the National Association of Life Underwriters, will address the Springfield, Mass., Life Underwriters Association at a luncheon meeting, Oct. 20, and the Worcester, Mass., association at a dinner meeting that evening. His subject will be "Cardinal Principles." Mr. Riehle is associate manager for the Equitable Life of New York in New York City.

BOSTON—Declaring that Americans had been driving over dusty, dirty roads on a detour after enjoying a grand spree, but that the time had come to get back to Main street, R. B. Hull, managing director of the National association, addressed the Boston association Friday, with 500 in attendance, urging them to take advantage of the new industrial order which he believes is right at hand.

Mr. Hull criticised the underwriters for having emphasized the investment side of life insurance in recent years and said they must themselves get back on to Main street and abide by the compelling motive for life insurance, the

protection of women and children and provision for the sunset years of life.

President V. W. Kenney, presided and urged support of the National Economy League. Three new Boston general agents, B. A. Badenoch, Northwestern Mutual; T. W. Callahan, Home Life, and Manuel Camps, Penn Mutual, were introduced as new members.

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INDIANAPOLIS—The Indianapolis association opened its season with a luncheon which drew nearly a record attendance. Reports from the National convention were given by Richard Habbe, Massachusetts Mutual, and Horace Storer, Bankers Life of Iowa, son of the retiring national president, M. B. Oakes, Insurance Research & Review Service, also spoke.

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MADISON, WIS.—W. F. Winterle, Madison manager Bankers Life of Iowa, will report on the San Francisco convention, Oct. 7, when the Madison association resumes its monthly meetings.

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BUFFALO, N. Y.—W. L. Boyce, manager Equitable Life of New York at Syracuse, spoke at the first fall meeting of the Buffalo association. Nine new members were presented.

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LINCOLN, NEB.—W. I. Fraser, national committeeman, reported at the October meeting of the Lincoln association on the national convention. Mr. Fraser said he was impressed with the emphasis placed in the general meetings on the selling of insurance on the income basis.

The association voted to hold an evening meeting Oct. 17, to be addressed by Roger B. Hull, managing director National association.

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MINNEAPOLIS—The Minneapolis association was addressed by W. L. Williams, editor "Commercial West," Minneapolis, at the luncheon meeting Thursday.

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KANSAS CITY, MO.—More than 200 members of the Kansas City association and chamber of commerce heard Michael Kley of the Metropolitan Life welfare division speak on "What the Federal Census Tells Us About Kansas City" at a joint meeting.

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NEW ORLEANS—A course leading to the C. L. U. degree, sponsored by the New Orleans association, will be offered by Loyola university, under the supervision of V. T. Motschenbacher, Sun Life.

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DES MOINES—At the Oct. 1 meeting of the Des Moines association, James J. Parks, vice-president Missouri State Life, spoke on present day insurance conditions compared with the earlier days of the business. He contrasted the policy of today with the early-day variety, when the only way for the policyholder to collect was to die north of the Mason and Dixon line.

Officers of the association announced that many other nationally known speakers will be heard here. R. B. Hull, managing director National association, will be an early speaker. Later speakers will be George E. Lackey, Oklahoma City, former president National association, and Vincent B. Coffin, Connecticut Mutual.

* * *

DAYTON, O.—H. G. Cutler has been elected president of the Dayton association. Other officers are F. J. Blose, vice-president; Mary U. Nyswonger, secretary-treasurer; Mason Lytle, C. E. Bratton, Walter Engel, Harry Bill and F. C. Holloway, directors.

* * *

MONTREAL—Lecture sessions conducted by James E. Bragg of New York University and a luncheon address by G. D. Finlayson, Dominion superintendent of insurance, featured the one-day congress held by the Montreal association. Mr. Bragg talked under these three main headings: What is life insurance from the buyer's point of view? sales planning, and face-to-face tactics in presenting the proposition to the prospect. Mr. Finlayson pointed out that life companies in Canada had successfully

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come through the war and the influenza epidemic and are now standing up against the present economic depression. He continued: "The only thing that remains to be demonstrated is whether or not they can stand up against prosperity. This does not seem a hard thing to do. But we must remember that it was in a period of prosperity that the seeds of depression were sown. When prosperity returns we must see if we can devise means by which another economic crisis of this kind can be averted."

Elliott's Review Covers 646 Cases

(CONTINUED FROM PAGE 2)

pany if other elements are not injected into and made a part of the proceedings, whether claimants begin a suit at law before the contestable period has expired and after the bill for rescission has been filed. The reason, he said, is apparent, because the remedy at law has been provided before the expiration of the period in question.

Question of Minors Tricky

Richard Douglas, general counsel American Union Life, St. Joseph, Mo., took up the subject "Life Insurance Contracts with Minors." He urged that the Legal Section arrange through members for a concise compilation of statutory provisions of the various states bearing on questions affecting minors in their relationship to insurance contracts. Many fine points arise. For instance, one theory is that a policy procured on the life of another who does not consent thereto or who is incapable of consenting is contrary to public policy and void, which Mr. Douglas said might lead to the finding that a policy with a minor is void ab initio.

He raised the question whether it is not inadvisable for insurance companies to make loans to minors on the security of the policy, although he says the policies with which he is familiar oblige the company to do so regardless of whether the assured is of age. He said he has been surprised not to find a case where a minor has negotiated a loan on his policy, squandered the proceeds and then claimed the full, undiminished value of the policy on the theory he was not bound by his loan transaction.

Incontestable Clause Questions

"The Incontestable Clause and Redress for Willful Fraud" was the subject of John T. Gose of Los Angeles, an attorney. He cited a case of a woman who proved to have had a tubercular history for many years, who after two years had expired under life policies with disability clauses, filed claim for disability due to tuberculosis and received disability benefits from two companies for some time. Her applications expressly negated tubercular history, personal and family, and the fraud upon the companies, Mr. Gose said, apparently was willful and gross. Her attorney, however, said there was nothing the companies could do about it.

Mr. Gose said, "So far as is known every jurisdiction in England, Canada and the United States, wherein the question has been presented for judicial determination, has agreed that fraud as a ground of contest is precluded by an incontestable clause unless the contest be instituted prior to expiration of the time in such clause specified or unless the fraud has been expected from operation of the incontestable clause."

Important Cases Reviewed

George Kahin of Kahin & Carmody, general counsel New World Life, Seattle, discussed "A Development in the Substantive Law of Recession." He called attention to a number of federal cases decided which mark, he said, a development of considerable importance on this subject. Many are cases in which the ultimate outcome was such as to make the fundamental question one of fraud and the right of the company to have the policy declared ineffec-

tive. He said these cases illustrate the fact that an old principle almost forgotten may be revived by a pronouncement in an important case. The principle was contained in the case of Stippich vs. Metropolitan Life, before the United States Supreme Court in 1927 and reargued and decided in 1928. The substance of all the cases, he said, is that although to prove misrepresentation at the time of delivery of policy, there need be no active or intentional concealment nor misrepresentation of a condition presently made, the same result is arrived at by imposing upon the applicant an affirmative duty to disclose an important discovery occurring between the time of application and time of delivery.

Life Insurance Stability Is Stressed by President

(CONTINUED FROM PAGE 1)

Every claim should be thoroughly investigated at the outset and then systematically checked once a year to determine whether the disability is still total, or whether the individual is able to go back to work.

Although double indemnity has thus far shown a profit, there is a growing realization, said Mr. Laird, that this form of accident insurance involves problems not ordinarily found in the life business. He said there is a tendency to terminate the benefit at attained age 60 or 65 and charge a higher premium at ages at issue over 45. Life insurance still has much to learn from accident and health companies in regard to selection of risks and settlements of claims.

In discussing company assets, Mr. Laird said that the value of an investment should not be measured primarily by the amount which may be obtained through forced sale in a panic, but rather by the yield and security over a long term of years. He said that life insurance may be well proud of its investment record in the past three years, but the experience of this troublesome time will undoubtedly lead to even more careful research.

More Preposterous Claims

Although life insurance has been singularly free from losses and controversy, said Mr. Laird, there has been a growing tendency to bring preposterous claims, especially in connection with disability. All just claims, he said, should be paid promptly without question, but in justice to honest policyholders all unjust claims should be resisted with the utmost ability and determination.

As custodians of policyholders' interests, life insurance men should use organized influence to guard against excessive taxation to encourage government economy, he said. This period of social unrest will undoubtedly lead to consideration of various forms of old age pensions, health benefits and unemployment relief. Life insurance executives should lend their aid to a solution of these problems.

Whole Week Given to the Gathering

(CONTINUED FROM PAGE 1)

Financial Section occupied an entire day, taking Tuesday and thus overlapping the last day of the Legal Section. R. T. Byers, vice-president of the American Central, presided over the financial meeting. There were three set papers, they being by Dr. A. J. Hettlinger, Jr., of the Investment Research Corporation of Detroit; Attorney Allan E. BroSmith of the Travelers, and Associate Counsel E. B. Raub, Jr., of the Lafayette Life. There followed a discussion on the subject of bonds and then the significance of the Shropshire case that came up in Texas was discussed. In the afternoon there were two set papers, one by Assistant Sec-



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retary R. G. Smith of the Connecticut General, and President J. A. McVoy of the Central States Life of St. Louis. There were discussions on the subjects of farm management and leases, farm sales and voluntary domestic allotment (farm relief). There was presented also an analysis of the farm leases in corn and wheat belt states.

The convention proper started Wednesday morning with John M. Laird, vice-president Connecticut General and president of the organization, in the chair. There were three addresses of welcome by President G. C. Moore of the Canadian Life Insurance Officers Association, Insurance Superintendent R. Leighton Foster of Ontario and Superintendent George Finlayson of the Dominion of Canada. President Laird gave his annual address and Manager and General Counsel Byron K. Elliott presented the annual report of his office, going over the main achievements of the year.

H. K. Lindsley, president Farmers & Bankers Life of Wichita, Kan., was elected on the executive committee. He is prominent in his state and very active in his community.

H. A. Behrens a Speaker

There were two speakers in the afternoon, one being President H. A. Behrens of the Continental Assurance of Chicago and the other T. Park Hay of the Trans-Continental & Western Air of New York City, who presented some interesting facts on air transport operations. At noon Wednesday the executive committee and officers gave a luncheon for the state vice-presidents and distinguished guests. Following the meeting Wednesday afternoon there was a conference on group insurance, which was a continuation of a similar gathering at the Pittsburgh meeting last year. The annual executive and business session was held Wednesday evening where there were committee reports, discussions on pertinent subjects and election of officers.

This morning was taken up with a general session. J. J. O'Connor, manager of the finance department of the United States Chamber of Commerce at Washington, a representative of the Financial Section, spoke on the regular program. J. G. Parker, actuary of the Imperial Life of Toronto, gave a fine paper and Merle Thorpe of Washington, D. C., editor "Nation's Business," gave an address. The convention banquet and ball was held this evening.

Monday morning saw the Legal Section at work with Allen May, vice-president and general counsel of the Missouri State, presiding. It had two full days of meetings.

Golf Tournament Held

The golfers in their annual tournament held forth the first two days with James Fairlie, vice-president Abraham Lincoln Life, in charge. The golfers' dinner was held Tuesday night with Dr. H. W. Dingman, vice-president Continental Assurance of Chicago, presiding. Prizes were presented and entertainment was provided. On the regular program it was stated that the tournament was "golf for the unenlightened." Unfortunately many desired to play golf on Tuesday and also were greatly interested in the Financial Section.

The local Toronto committee in charge of the arrangements consisted of President C. S. Macdonald, Confederation Life, chairman; A. N. Mitchell, general manager Canada Life; J. F. Weston, managing director Imperial Life; R. L. Foster, Ontario insurance superintendent; V. R. Smith, general manager Confederation Life; A. G. Ramsay, assistant general manager Canada Life; J. H. Birkenshaw, associate actuary Confederation Life; Norman Watt, assistant superintendent Canada Life; J. M. Pauline, assistant secretary Imperial Life, and J. G. Parker, actuary Imperial Life.

Life insurance has come through the economic crisis victorious and unscathed, having earned great public confidence for the soundness of its investment

polices, Byron K. Elliott, manager and general counsel of the American Life Convention, stated in his annual report. However, there are a number of important problems to be worked on, such as policy loans, suicides, taxation. The A. L. C. now is international in scope, with 137 member companies domiciled in 35 states and two Canadian provinces.

The effect of financial readjustment on life insurance was discussed by J. G. Parker, actuary Imperial Life of Toronto, who viewed with alarm the re-writing plans and said that the surrender values for most companies in the early policy years were decidedly too high. He said that the bright side of the surrender of policies in recent years was the facility with which the policyholder was able to get the funds. This promoted good will which will be a great benefit to insurance in future. Practically all the major problems engrossing life executives today were treated by Mr. Parker in his talk.

The prediction that by 1937 air transport lines will be carrying 2,000,000 passengers and 5,000,000 pounds of express annually was made by T. Park Hay, Transcontinental & West Air, Inc., in discussing the future of aviation at the general session Wednesday. At present 297 cities are served directly by scheduled air lines and nearly half a million people traveled by air in 1931.

Twisting a Monstrosity

The practices of twisting and rewriting were considered by Actuary E. McConney of the Bankers Life of Des Moines in his interesting paper on "The Actuary Makes an Assist," at the agency session. He pointed out the many benefits inherent in the old policy and the expense to policyholders and company resulting from a change. He said twisting in general is a monstrosity, capable of ruining the companies by rapid disintegration, to ruin morale of salesmen and train a multitude of misrepresenters, a dishonest thing that is unfair and costly to the public.

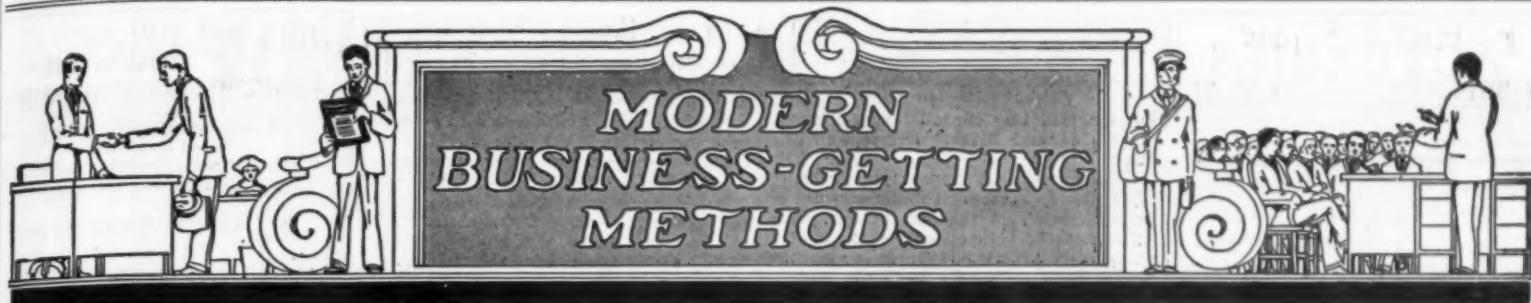
Intuition is a better method of determining good prospective agents than theoretical analyses, declared A. Gordon Ramsay, assistant general manager Canada Life, in speaking on "Today's Agency Problems." Hasty appointments, lack of a definite plan and an apologetic attitude in making appointments were cited as the three cardinal mistakes in securing new agents. Mr. Ramsay urged the relieving of older agents of the detail involved in servicing policyholders so they can spend more time in actual selling.

The London Life and Mutual Life of Canada were admitted to membership in the American Life Convention. Fraternal greetings were extended from the National Association of Life Underwriters by C. C. Thompson of Seattle, its president; from the Life Presidents Association by Vice-president Alfred Hurrell of the Prudential and the association's manager, George T. Wight; from the United States Chamber of Commerce by President L. J. Dougherty of the Guaranty Life of Davenport, a director.

At the golfers' dinner Tuesday night, Dr. H. W. Dingman, vice-president and medical director Continental Assurance, called for brief remarks from President C. S. Macdonald, Confederation Life; Insurance Superintendent Foster of Ontario; General Manager B. K. Elliot, American Life Convention; J. B. Reynolds, president Kansas City Life; President H. M. Woollen, American Central Life; Vice-President E. G. Simmons, Pan-American Life, and H. L. Seay, Southland Life.

Reduces Interest Rate

Directors of the Service Life of Lincoln, Neb., have voted to reduce interest rates on all loans by 1 percent if the interest is paid on or before its due date. President Bays said that this represents the contribution of the company to the solution of the debt problem for the farmer, and that the reduction is voluntarily made.



Important Points of Insurance and Commercial Law Covered in C.L.U. Examination Questions

The subject of general education, taken up in Part III of the selected answers to the 1932 C. L. U. examination, is here concluded. This is a continuation of the series being presented by THE NATIONAL UNDERWRITER.

Question 4. "A" contends that all states should adopt laws which would provide that each person age 70 who does not have property assets equal to \$5,000 should be given an old age pension of an amount necessary, together with such income as he or she has, to equal one dollar per day; the revenue for this purpose to be derived from current taxation. (a) Do you consider this a satisfactory solution to the social problem of old age dependency? List all reasons in outline form. (b) Can you suggest any better proposal for accomplishing the same end and which would reach the great masses of working people? If so, explain your plan and state all reasons why you deem it better.

Answer. (a) I do not believe that this plan is a satisfactory approach to the problem confronting the American people because:

1. The cost to society is quite likely to increase each year and thus make taxes a heavy burden.

2. It would be handling a problem in a political manner, with attendant disadvantages.

3. People would hide their assets or transfer them in such a way that they would make themselves eligible for the pension.

4. It would do away entirely with initiative on the part of a great many people by relieving them of the responsibility of taking care of themselves in old age.

5. It would do away with the incentive of thrift.

6. It would not place the burden where it belongs—that is largely upon industry and the individual himself.

(b) I would suggest a method retaining individualistic principles. Each individual should be shown a way to

provide for his own old age. This could be secured through an insurance plan of a contributory nature. Experience thus far has shown insurance companies to be better adapted to this type of plan than institutions of the state. I would recommend a plan where deductions would be made from salaries each week, with additions made thereto by industry. Thus over the working period of life, each individual would build up a sufficient amount to provide for his retirement.

My recommendation would be that such a plan include other types of social insurance as well. If necessary, the fund could be increased by contributions by the state, but the individual and industry should be made to bear their shares. The plan should be conducted upon an actuarial basis. It would also be wise to provide that the right to a pension should not be dependent upon continuous service with one employer.

* * *

Question 5. (a) Explain the connection between present financial conditions and the mental health of many people in this country. (b) In what respect has life insurance been of service in reducing the seriousness of the problems to which the situation in part (a) has given rise? (c) To what outstanding problems has the connection referred to in part (a) subjected the life insurance companies?

Answer. (a) Mental health is dependent upon many conditions. Physical health is often the cause of mental breakdowns. Individual characteristics such as ambition, desire for financial independence, consideration of the needs of dependents, desire to keep profitably active, etc., all affect the mental health. Disappointment or thwarting of these and similar desires causes worry which tends to bring about improper digestion and to break down physical and mental health.

Present financial conditions, with their very real deprivation of food, proper shelter and clothing and medical care, have impaired the health of many people,

leaving them exposed to mental infirmities. The same conditions with the manifold problems of financing business and family, of losses of wealth slowly accumulated, of loss of position and prestige, have precipitated mental breakdowns.

(b) The life insurance companies have been of service in reducing the seriousness of this problem.

1. By showing by their stability that there is one safe and guaranteed method of creating an estate and saving money.

2. By paying death and disability claims promptly.

3. By paying cash values when asked for without question and indicating to those that have not had to withdraw or borrow, that their cash values are available as an emergency fund dollar for dollar.

4. By giving peace of mind to those individuals who have lost their estates in knowing that their insurance estates are still intact and that their families will not suffer if the insured dies prematurely.

5. By re-creating estates for those who have lost what they had.

6. By issuing guaranteed incomes through annuities.

* * *

(c) The problems the life insurance companies have been subjected to are:

1. Increased disability claims to a point where benefits on future contracts have had to be restricted or discontinued.

2. The mortality rate has been increased by suicides, particularly on larger policies, as well as by a general increase in mortality on other insured lives.

3. Extensive withdrawals and borrowing of cash values.

4. Investment problems which have affected the best securities due to the lack of confidence upon the part of security-holders.

5. Writing large amounts of term insurance and other low cost contracts, resulting in the dropping of higher cost policies.

Part IV

COMMERCIAL AND INSURANCE LAW

(Note: The problems in this examination are based upon actual court cases and are designed to test a candidate's knowledge of essential principles of commercial and insurance law. Em-

phasis in grading is placed on the reasoning.)

Question 1. What are the rights of creditors with regard to the life insurance policies of an insured who goes into bankruptcy? (a) When policies are payable to insured's estate? (b) When policies are payable to insured's dependents but the right to change the beneficiary is reserved? (c) When the policies are payable to the insured's dependents but the right to change the beneficiary is not reserved?

Answer—(a) When policies are payable to the insured's estate, the creditors have the right to the cash values of the policies as of the date that the insured is adjudged bankrupt. This is based upon the reasoning that the referee in bankruptcy can do that which the insured could have done and the insured could have borrowed on or cashed in the policy without anyone's consent.

(b) Where policies are payable to named beneficiaries with the right to change the beneficiary reserved by the insured, the beneficiary has only a contingent interest in the policies, and the creditors have the right to the cash values of the policies as of the date the insured was adjudged bankrupt. The national bankruptcy law, however, takes cognizance of the exemptions allowed by state statutes. Some states exempt the cash values of policies payable to certain named beneficiaries either in their entirety or up to certain amounts. In absence of these state statutes, the creditors ordinarily have a right to the cash values.

(c) Where policies are payable to an insured's dependents without the right to change the beneficiary, the beneficiary has a vested right in the policies, and the creditors cannot claim their cash values. This was definitely decided by the Supreme Court of the United States in *Central Bank vs. Hume*. The insured loses control over the values in the policies where the right to change the beneficiary is given up, and consequently the creditors cannot do that which the insured himself has no power to do. If the premium was paid in fraud of creditors, they would have the right to demand only the amount that was so paid and no more.

Question 2. (a) What is a contract of warranty and how does it differ from a contract of suretyship? (b) Austin and Blake were sureties for Collins on

Responsibility--

There is no factor so vital to the institution of life insurance as the character of those who present it to the buying public. The whole structure of confidence and respect stands at the mercy of the fieldman; the popular conception of life insurance can be clarified or distorted—depending upon his tactics. The agent is indeed the keeper of a weighty trust.

These things being true, it follows inevitably that the man who traduces his competitor, or who misrepresents, or who lacks the highest sense of fair play and honesty, is actually a menace to the entire institution.

It is far better to lose business than to gain it through trickery or at the expense of a competitor's reputation. Sharp practices and mud-slinging are the refuge of the morally and mentally unfit—a sure indication of shortcomings that brand their users as undesirables of the lowest order.

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a bond for \$1,000 to Day. Austin desired to be released from his liability. Day, thinking Blake sufficient security, gave Austin a deed of release from the bond. Collins failed to meet his obligation, and Day consults you about his rights against Blake. Decide and discuss.

Answer—(a) A contract of guaranty is a written agreement under seal or for consideration on the part of one party that he will be responsible for a debt or certain action of another in case the other person is unable to pay or to perform. The responsibility is secondary and arises only when the obligee has exhausted his means of enforcing payment or performance on the part of the principal, as in case of insolvency.

A contract of suretyship is a direct or primary liability; an agreement under seal or with consideration by one person, in writing, to pay or perform in the event another does not. In a contract of guaranty before the guarantor becomes liable he must have notice of the failure or inability of the principal to pay or perform. In a suretyship, no notice of liability is required. The surety must stand for the debt or performance immediately, and through subrogation seek to satisfy his costs of suretyship.

* * *

(b) Day's rights against Blake as surety for Collins have been seriously limited by giving Austin release from the surety, especially if without consent by Blake. While Blake might have been held for the entire bond if both Collins and Austin had failed to meet the obligation, Day's action in releasing Austin may permit Blake to show that his consideration for the contract was Austin's equal participation, and that Day's action in releasing Austin has been a breach of contract and hence has released him (Blake) from his contract. Depending upon the precise terms of the surety contract, Blake might be held for half of the obligation. On the other hand, if he had knowledge of Austin's release and did not protest he might be held.

Liability of Estate on Firm Debts Discussed

Question 3. (a) Barnes, of the firm of Barnes, Chalmers and Dutton, dies intestate, and the firm, with the knowledge of the administrator of the deceased's estate, continues in business, using the firm name. Can Barnes' estate be held for firm debts incurred after his death? Give reasons. (b) "A," "B" and "C" entered into a written agreement to carry on business as a corporation, each contributing a certain amount of capital. They did business under a corporate name, but did not comply with any of the statutes respecting corporations. Could they be held liable as partners, or were they only liable to the extent of the capital contributed? Give reasons.

Answer—(a) A limitation of a partnership is that it is dissolved automatically upon the death or withdrawal of a partner. Since it is a voluntary association, surviving partners have a right to choose a successor. The partnership having terminated in this case by the death of Barnes there was necessary an accounting and liquidation of the interests of Barnes' estate. The estate could not be a partner and therefore is not liable for any debts incurred after the death of Barnes. Furthermore, any losses to Barnes' estate by reason of the acquiescence of the administrator in continuing the estate's interest in the business would be chargeable to the administrator, under his bond. Therefore, Barnes' estate would not be liable for firm debts incurred after his death.

* * *

(b) Courts would unquestionably hold them liable as partners. A corporation is a child of law; devised that law may regulate its acts, restrict the type and manner of business that it may conduct, and in general oversee its activities.

If corporate papers were not effected and proper sanction for institution of the corporation not completed, the stat-

utory restriction on the amount of liability was not granted to the firm in question. From the standpoint of public policy, the members should be held as partners—because, otherwise, the unscrupulous would wilfully fail to comply with the statute in order to obtain liberty of operation free from restrictions.

Question 4. Frank Brown by will leaves his entire estate to his only child for life with the remainder to such child's issue, if any, absolutely; if there is no such issue surviving the child, then to Frank Brown's nephew or the issue of such nephew then surviving. Is this devise valid under the rule against perpetuities? Discuss.

Answer—The rule against perpetuities prevents the unlimited suspension of time for the vesting of absolute ownership in property, this suspension being limited to lives in being and 21 years, together with the period of gestation.

Frank Brown's will does not violate this rule. At the death of the son the corpus of the estate is distributed and absolute ownership granted to the son's child, if any; otherwise, to Brown's nephew, if living, or to the issue of such nephew then surviving.

Some Questions Involving Notes and Checks Taken Up

Question 5. (a) Bond gave his note to Davis for \$500 payable June 1, 1932. Davis, without Bond's consent, changed the note so as to make it payable July 1, 1932. What is the effect, if any, of this alteration? Discuss. (b) Lawrence gave Norris a check for \$150. On the same day Norris endorsed and delivered it to Peyton, who went directly to the bank on which the check was drawn, and had the bank certify it. The next day the bank failed. What are Peyton's rights against Lawrence, Norris and the bank? Discuss.

Answer—(a) The alteration could be used by Bond against Davis as a defense, but if the note was given to an innocent third party for value before maturity, then Bond would have to pay.

This conclusion is based upon the contention that the change made was a material one; it affected one of the most important provisions of a negotiable instrument, namely, that it shall be for a definite time.

Minor changes will not affect the validity of the instrument, but a change in the date of payment from June 1 to July 1 is a material one, even though it probably would be easier for Bond to pay the note July 1, instead of June 1. This would void the note as to Davis and relieve Bond from liability under it. Davis would not forfeit his rights under the obligation or contract for which the note was given.

(b) Against Lawrence—none. The entire obligation of Lawrence was discharged when the bank debited his account for \$150 and itself assumed the liability for payment of the check. Peyton, by his own act, substituted the promise of the bank for the obligation which formerly had been Lawrence's, so Peyton has no right against the maker of the check, Lawrence.

Against Norris—none. Peyton would have had rights against Norris had the check not been honored, but the bank did honor it by taking the money for it from Lawrence's account and by giving the check back to Peyton, not as an obligation of Lawrence for which Norris stood as endorser, for that had been met, but as an obligation of the bank. For this reason the check was satisfactory and complete payment for the \$150 obligation of Norris to Peyton.

Against the bank—Peyton has the right to demand and receive in return for the check \$150 if the bank is able to settle all claims in full. If it is not, he has a right to receive that percentage of \$150, which is equivalent to the percentage of the total obligations of the bank which the bank is able to fulfill. If they settle claims at 50 cents on the \$1, then he has a right to \$75 in full settlement of his claim.

(TO BE CONTINUED)

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